

U.S. Proposal on Income Tax Chills Real-Estate Investment

By Gary Klotz
New York Times Service

NEW YORK — Despite its uncertain fate, the U.S. Treasury Department's tax simplification plan is having a chilling effect on some real-estate investments. Economists predict that the plan, if enacted, would depress home values and make many types of new construction unprofitable.

Even though it remains unclear whether President Ronald Reagan and Congress will endorse the plan, some investors, developers and would-be buyers of vacation homes have become reluctant to enter into deals, given the far-reaching effect the plan would have on real estate.

Economists say the plan's sharp curtailment of most real-estate tax benefits would dramatically alter the economics of real estate for homebuyers, developers, investors, tenants and landlords.

"Houses built on tax deals are going to get hurt, and investments based on tax benefits are going to get hurt," said George Sternlieb, director of the Center for Urban Policy Research at Rutgers University.

Under the Treasury plan, most deductions, credits and exemptions would be eliminated or scaled back in order to lower individual tax rates to three brackets of 15, 25 and 35 percent. The maximum individual tax rate is now 50 percent.

The plan would also curtail many of the tax benefits that have helped subsidize the cost of home ownership and rental housing and helped increase the attractiveness of real estate for investors.

For homeowners, the Treasury tax plan retains the deduction for mortgage interest, but its value is reduced because of the lower tax rates. The deduction is now worth as much as 50 cents on the dollar for a taxpayer in the top bracket. But under the Treasury plan, a \$1 deduction would be worth no more than 35 cents.

In addition, real-estate taxes could no longer be claimed as an itemized deduction.

The plan also places a cap on the amount of mortgage interest that can be deducted on vacation homes to \$5,000 plus the amount of any investment income the taxpayer receives.

For someone with no investment income and no other interest expenses, the new rules would provide a deduction only for vacation home mortgages of less than \$40,000 at prevailing rates, or about \$417 a month.

The Treasury plan would make

the after-tax cost of carrying even a principal residence more expensive. As a result, home prices would have to fall in order to keep the costs in line with what prospective homebuyers are willing or able to pay.

According to analyses of the Treasury plan by private economists, the elimination or reduction in value of homeowner tax benefits would lower the value of existing homes by about 10 percent overall.

Owners of moderate-priced homes would likely see much less of a drop. But economists foresee higher-priced residences and vacation homes losing 20 percent or more in value.

The economists' forecasts also show the plan depressing construction activity, particularly of multifamily rental units, which could put sharp upward pressure on rents.

So far, there are no signs that residential home sales or prices have fallen. But other segments of the real-estate market have been affected.

Reports have circulated in the industry that some development projects have been postponed or canceled, financing deals have gone begging for lack of investors and prospective buyers of vacation homes have backed out of deals.

Lester Day, president of American Diversified, a real-estate investment and development company based in Costa Mesa, California, said that since the Treasury proposal was announced in late November his company has canceled more than \$50 million in residential apartment and commercial building projects, plus three rehabilitation projects ranging from \$5 million to \$20 million each.

Stan Ross, co-managing partner of Kenneth Leventhal & Co., an accounting firm specializing in real estate, said his clients have dropped between \$50 million and \$100 million in projects, and cancellations among buyers of vacation homes have gone up 15 percent.

"The uncertainty is paralyzing some people," said Anthony T. Niosi, a vice president of Merrill Lynch, Hubbard Inc., an arm of the giant brokerage concern and a leading underwriter and sponsor of real-estate limited partnerships. Mr. Niosi said sales of tax-oriented partnerships has slowed sharply, but sales of other types of real-estate ventures where tax benefits are not significant have hardly been affected.

The curtailment in deductions that would take place under the Treasury plan does not mean that an individual's overall tax bill would necessarily go up. In fact, the Treasury estimates that nearly 80 percent of taxpayers will find their tax bills the same or lower under the tax plan. Furthermore, it is not clear which, if any, of the Treasury tax proposals will become law.

But Kenneth T. Rosen, director of the Center for Real Estate and Urban Economics at the University of California at Berkeley, said the tax changes could significantly influence purchase decisions because the smaller tax deductions would have the effect of increasing the relative cost of housing compared to other goods.

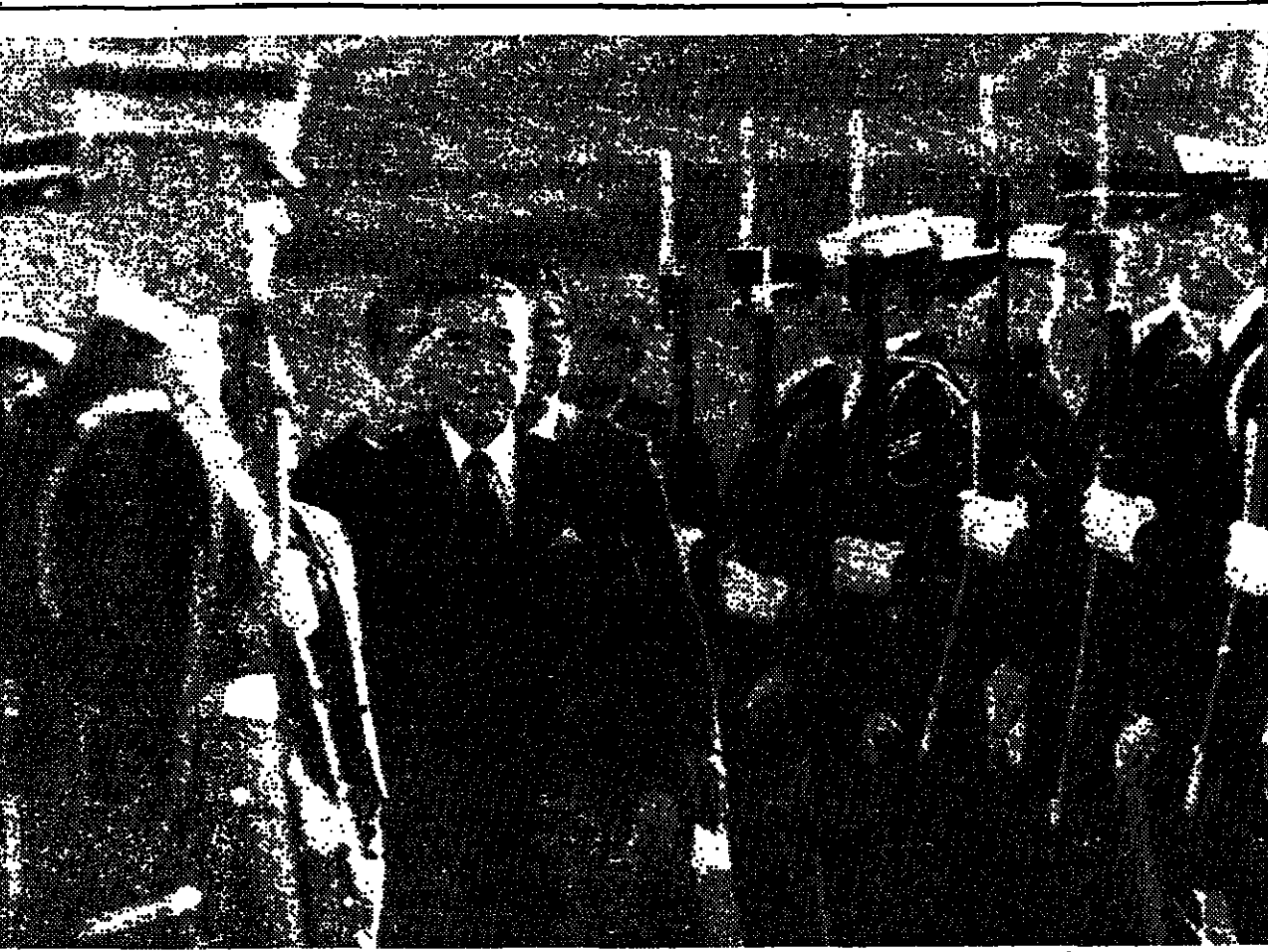
As a result of higher carrying costs, Mr. Rosen estimated, a \$200,000 home would drop about 18 to 20 percent in value; a \$100,000 home about 10 to 12 percent; and a \$50,000 home about 2 to 3 percent.

Jesse M. Abraham, an economist at Data Resources Inc., an economic consulting and forecasting firm, said his company's computer analysis of the Treasury proposal's impact on the general economy and the real-estate sector shows mortgage rates could be expected to fall by nearly one-half of 1 percentage point, partly because residential construction is forecast to drop by about 8 percent. The drop in rates, he said, could partly offset the effect of the loss of tax benefits on home prices.

According to the analysis, he estimates a \$384,000 home would lose 20 to 25 percent in value; a \$205,000 home would drop 15 to 20 percent; a \$128,000 home about 13 percent; an \$84,000 home about 8 percent; and a \$45,000 home about 4 percent. A \$25,000 home would gain slightly in value, the analysis found.

Vacation homes would likely be hit harder than residential homes because of the cap that would be placed on mortgage interest deductions for second homes.

Mr. Rosen estimated that vacation homes running about \$125,000 (Continued on Page 2, Col. 5)



Nakasone Arrives in U.S., Begins Talks With Reagan

Prime Minister Yasuhiro Nakasone of Japan saluted an honor guard on arriving at the airport in Los Angeles. East-West relations and trade problems were on the agenda when he met

Wednesday with President Ronald Reagan. Officials suggested the leaders might agree that their representatives discuss ways to reduce the expected \$34 billion U.S. trade deficit with Japan.

Moscow Warns Against Optimism on Arms Talks

By Seth Mydans
New York Times Service

MOSCOW — The planned resumption next week of discussions about arms limitation has raised hopes among Russians for improved relations with the United States. But Soviet officials appear to be approaching the talks cautiously.

Recent articles in the Soviet press have called the meeting in Geneva next Monday and Tuesday between Secretary of State George P. Shultz and Foreign Minister Andrei A. Gromyko a hopeful sign. But they warn against optimism.

Soviet statements have portrayed the meeting as a Soviet initiative and placed the burden for success on Washington. But they say the United States has so far offered little reason to hope.

"The New Year gives rise to new hopes," Pravda said on Tuesday. "It is with such sentiments that peace-minded people in the world have received the news of the new Soviet-American talks."

But in another article, the Communist Party daily said that "there are certain signs that are a source of apprehension" and that "we have no illusions."

Reagan Instructs Shultz on Strategy

Los Angeles Times Service

PALM SPRINGS, California — President Ronald Reagan has given Secretary of State George P. Shultz his final instructions for dealing with the Soviet foreign minister, Andrei A. Gromyko, next week in Geneva.

Mr. Reagan's "final marching orders" — as they were characterized by the White House — were delivered during a strategy meeting Tuesday with Mr. Shultz, Defense Secretary Caspar W. Weinberger and Robert C. McFarlane, the president's adviser for national security.

The meeting was held at the golf-course estate of the publisher Walter H. Annenberg, where the president celebrated New Year's Day. A senior administration official, speaking on condition that he not be identified, said the main topic was how to respond to any Soviet "gambits." Mr. Reagan may confer again with Mr. Shultz when he returns to the White House on Thursday, presidential aides said.

Officials have said the United States intends to suggest at Geneva that arms bargaining be divided into two categories: one for offensive weapons, and another for defensive systems, such as Mr. Reagan's Strategic Defense Initiative, which would establish a defense against missiles in space.

"Whereas the White House has taken a somewhat different tone than before, in the Pentagon there are still no signs whatever of change," Pravda said.

"World diplomatic practice knows that negotiations have been used as a means of gaining time, as a means of a false alibi in the eyes of public opinion, and as an attempt to swindle the partner."

As the New Year arrived, American residents here found themselves being asked by Russians whether President Ronald Reagan was softening his approach. "What do you think, are things going to get better now?" they ask.

The official New Year's message, read out on television as the Kremlin's Spassky Tower tolled midnight, placed the talks in the center of hopes for 1985.

"Much importance is attached to the Soviet Union's new initiative on talks with the United States on preventing militarization of space and on limiting and reducing nuclear armaments," the message said.

Western diplomats and Soviet sources say the talks are indeed of vital interest to the Kremlin. They note that Moscow proposed the talks six weeks ago and had insisted for a year that a return to the negotiating table was impossible. "They have had to face reality," a diplomat said. "They need to talk."

Nevertheless, these analysts caution that the talks will be a slow, painful process. One Russian with access to official thinking said: "I believe the talks will go on limply for a few years, without results."

He said he believed that neither Mr. Reagan nor the Soviet leaders were prepared to make the concessions that an agreement would require.

But Western diplomats also note that both sides have already gone some distance in softening their positions. In October, the Soviet Union was still saying that there would be no return to arms limitation talks until the United States removed its new medium-range missiles from Western Europe. The start of deployment of the missiles in late 1983 was the cause of the suspension of talks on strategic and medium-range arms.

But the Soviet leaders appear to have dropped that condition, at least to the extent of exploring possible approaches to renewed talks starting next week.

It is a turnaround that many Western analysts thought the Soviet leaders too conservative to make. "I have got to say they have shown more flexibility than I would have thought," a diplomat said.

Some diplomats had predicted that the world would probably have to wait for change in the Soviet leadership for a break in the impasse in relations.

Oslo Tracked Soviet Cruise Missile In Flight Over Norway and Finland

OSLO — A Soviet tactical cruise missile flew over northern Norway Friday and is believed to have gone down in neutral Finland after flying across the border, a Norwegian Defense Ministry spokesman said Wednesday.

The spokesman said that the missile had probably been fired from a Soviet submarine in the Barents Sea, where the Soviet Union was holding a naval exercise at the time.

The missile was tracked by radar Friday when it flew in from the sea, past a Norwegian village and into Finland, he said.

"We have information to the effect that it must have downed in Finland," the spokesman said.

Norwegian military authorities were leaning toward the theory that the missile may have accidentally gone off course and flown over Norway, a member of the North Atlantic Treaty Organization, he said.

A spokesman at Finland's air force headquarters said it was unaware of the incident.

The Defense Ministry's chief of staff, Frederick Bull-Hansen, said it was the first recorded instance of a missile being flown over Norwegian airspace.

Cruise missiles are capable of carrying nuclear warheads; Mr. Bull-Hansen said he did not know if the missile was armed.

Cruise missiles are in effect pilotless aircraft that fly at subsonic speeds to their targets. They can be programmed to fly low, hugging the contours of the ground to elude radar.

In Brussels, a spokesman said NATO had no knowledge of the incident and would await reports from the Norwegian authorities before making any comment.

Government sources said Norway, a member of the North Atlantic Treaty Organization, was likely to protest in the strongest terms.

Although it is a member of NATO, Norway has banned nuclear weapons from its soil and airspace.

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TOMORROW

The celebrity architect and design consciousness in urban building were notable phenomena of 1984. In Weekend.

Candhi Removes Mother's Top Aides Her Leading Assistant Is Granted an Indefinite Leave

The Associated Press

NEW DELHI — Prime Minister Rajiv Gandhi has replaced four top aides to his mother, the prime minister's office said Wednesday, including the man long considered the second most powerful figure in Indira Gandhi's government.

The top aide, Rajinder Dhawan, a Punjabi, was Mrs. Gandhi's special assistant for more than 22 years. He was standing beside her when she was shot to death Oct. 31 by two Sikh members of her security guard.

He has been replaced as the key figure on the prime minister's staff by Vincent George, a member of India's Christian minority.

The prime minister's office said Mr. Dhawan was granted indefinite leave.

Officials also said Mr. Gandhi removed three other top members of his mother's personal staff: M.M. Sharma, R.K. Sikri and Y. Dhawan. The Times of India said the changes "marked a total departure" from Mrs. Gandhi's methods of government.

Mr. Dhawan, 47, a career civil servant, controlled Mrs. Gandhi's appointments with official visitors and all documents and telephone calls reaching her office.

He was widely regarded as her gray eminence, wielding immense power behind the scenes but trying to keep a low profile. He often dealt directly with the leading members of Mrs. Gandhi's cabinet, the chief ministers of India's 22 states and the foreign ambassadors in New Delhi.

Mr. Dhawan first became widely known in official and diplomatic circles after Mrs. Gandhi suspended the constitution in 1975 and ruled by decree under a state of emergency.

During the two-year state of emergency, he was one of the most powerful centers of influence in the government. But when Mrs. Gandhi lost the 1977 election, he resigned from government service to continue as her private assistant.

He resumed his old position when she returned to power in January 1980. He was known for his unflinching loyalty.

Mr. George, India's youngest prime minister, is known to admire Western technology and computerized administrative methods. One recurring theme of the election campaign, which he won in a landslide last week, was his determination to stamp out "corruption, inefficiency and laziness" in the bureaucracy.

Mr. George has served as Mr. Gandhi's aide since 1980, when Mr. Gandhi entered national politics after the death of his brother, Sanjay.

■ Stock Price Rise Continues
Indian share prices continued to rise after Mr. Gandhi's election victory, Reuters reported Wednesday.

After an average 15-percent increase Tuesday in share prices on the New Delhi stock exchange, stocks continued moving up Wednesday when the biggest stock exchange at Bombay reopened.

Brokers said share prices at the Bombay, Calcutta and Delhi stock exchanges also rose in Wednesday's trading.

Beijing Firm on Reforms

Zhao Asserts Market Pricing Must Succeed

United Press International

BEIJING — Prime Minister Zhao Ziyang, acknowledging there is anxiety over the changes allowing more of a free-market economy, vowed in a speech published Wednesday that China would "not vacillate" in its campaign to restructure the economy.

In a New Year's address to 300 officials, Mr. Zhao said "we must remain steadfast and unshakable" in carrying out the economic changes announced in October.

The changes will largely allow China to do away with 35 years of Soviet-style, centralized planning and let market forces set prices on hundreds of commodities formerly subsidized by the state.

Mr. Zhao acknowledged that the changes in pricing was causing the most worry among Chinese, who are long accustomed to state subsidies on everything from rice to housing. Western economists estimate the subsidies account for 50 percent of China's national budget each year.

"In addition to the anti-reformists reforms," Mr. Zhao said, "there are some of our comrades, well-intentioned people, who are a little anxious, worried about our reforms, especially the price reforms."

But, he said, economists agreed that the country "must carry out a reform of the economic system, that it's wrong not to carry out price reform."

"Price reform is the key to the success or failure of the reforms," he said. "But price reform can produce risks and can bring on a rise in commodity prices and anxiety over commodity price increases."

There were isolated reports of panic buying of a number of consumer items immediately after the economic changes were announced in late October. But the government quickly replenished supplies. The real effects of the changes are not expected to be felt until later this year.

"The main danger is inflation, where we would see the standard of living shrink," a Western diplomat said recently. "It is a politically explosive prospect."

Also for the first time, many money-losing factories will not be aided by the government, provoking fears of unemployment in the estimated 15 percent of the state enterprises that failed to make a profit last year.

"We must not vacillate with the appearance of a little twist and turn or a little disturbance," Mr. Zhao said. "And we cannot, we will not, permit the occurrence of major complications. On this point, we must stay clearheaded. It only has advantages, no disadvantages."

Mr. Zhao also said the state monopoly on the purchasing and marketing of agricultural products must be progressively abolished and called for more diversified farm production.

Polish Agent Says Plot Was At High Level

By Bogdan Turek
United Press International

TORUN, Poland — A secret police agent, buttressing earlier testimony, said Wednesday at a trial that the order to kill a popular pro-Solidarity priest had been issued by top-ranking police officials.

The plot "had broad preparations at the top," said Lieutenant Waldemar Chmielewski, one of four agents implicated in the murder of the Reverend Jerzy Popieluszko, 37, an outspoken priest who was kidnapped and strangled in October.

"By the top, I understand one of the department directors in the Interior Ministry or a deputy minister," the lieutenant said. The Interior Ministry controls the state police.

Lieutenant Chmielewski, 29, was the second police agent to testify that the order to kill the priest was given from high officials.

The trial, which began in the northern city of Torun on Dec. 27, was reconvened after the New Year's holiday.

Lieutenant Leszek Pekala, 32, testified that he heard his superior, Captain Grzegorz Piotrowski, talking to Colonel Adam Pietruszka on the telephone about the killing. Lieutenant Pekala also said last week that Captain Piotrowski had asked him to take part in the "risky" operation.

Lieutenant Chmielewski also testified he had once overheard Captain Piotrowski speaking over the radio with General Zenon Platek (Continued on Page 2, Col. 2)



Don James, the University of Washington coach, gets a boost from his players after their 28-17 New Year's Day defeat of Oklahoma in the Orange Bowl. Page 13.

Election Protests Open Year of Challenge for Mexico's Ruling Party

By Soll Sussman
Associated Press

MEXICO CITY — Violent protests have broken out over purported electoral fraud in northern Mexico as the governing Institutional Revolutionary Party enters a year that will test its long domination of the country.

The party's opponents are finding new strength among people disgruntled by economic crisis, austerity and corruption in government.

The northern state of Coahuila was reported tense Tuesday after the opposition refused to accept mayoral victories awarded to the Institutional Revolutionary Party.

The party was declared the winner in 35 of 38 mayoral elections held in December in Coahuila. But angry supporters of the main opposition party, the National Action Party, burned the municipal building and jail in Piedras Negras in a protest Saturday night that killed at least one person and injured nearly 80.

In Monclova, an industrial city 155 miles (251 kilometers) to the south, National Action backers occupied the plaza and municipal building and swore in their defeated candidate as mayor.

About 200 opposition supporters continued to occupy city hall Tuesday to keep from turning it over to the Institutional Revolutionary Party's candidate, Salvador Marín, who also has been sworn in.

Troops patrolled Monclova, Piedras Negras and at least two other cities in Coahuila state.

The Institutional Revolutionary Party has provided Mexico with its presidents for more than 30 years, controlled the National Congress, and held the governors' offices in all 31 states. Its network runs parallel to the government and reaches into virtually every hamlet in this country of 72 million people.

During his 1976-1982 administration, President José López Portillo, in the face of steadily dropping voter turnout, put through electoral reforms that were intended to open the system to minority parties but that clearly preserved his party's majority role.

When President Miguel de la Madrid took office in December 1982, he started a campaign of "moral renewal" to rid the government of corruption. Part of the campaign was the promise of clean elections.

In July 1983, the first major electoral test for Mr. de la Madrid's government, the government party

suffered serious setbacks in local elections in the northwestern states of Chihuahua and Durango.

The National Action Party won the mayors' offices in Ciudad Juárez and in the two state capitals.

Since then, however, the Institutional Revolutionary Party has registered nearly clean sweeps of local elections.

Its opponents allege that the government, fearful of further setbacks, has returned to the electoral manipulations of the past.

José González Schnal, general secretary for the National Action Party, said Monday in Piedras Negras that after the voting in Chihuahua, the governing party "decided to put pressure on and organize a systematic campaign to intimidate the people." He said, "They are trying to make people lose faith in the vote."

The National Action Party is a center-right party that its critics contend has ties too close to private enterprise, the Roman Catholic Church and U.S. interests. But unlike the smaller, splintered parties of the left, it has been able to present itself as motivated largely by practical rather than ideological concern.

A vote for National Action is considered as much a vote against the governing party as it is pro-National Action.

The violence in Coahuila is a sign that many citizens are no longer willing to accept old-style, one-party domination. Opposition to the government has also resulted from an economic austerity program designed to reduce an inflation rate of 100 percent in 1982, 80 percent in 1983 and nearly 60 percent in 1984.

The coming year will provide the opposition with its best chance in many years to loosen the grip of the governing party.

Seven governors' races are due in 1985, including two along the U.S. border where National Action has its strongest traditional bases.

Those races in Sonora and Nuevo Leon are expected to present strong challenges to the governing party.

The election in San Luis Potosí state in north central Mexico also could be tough going for the governing party.

But the vast resources at the command of the Institutional Revolutionary Party and its control of the government make it difficult to challenge.

Mexican newspapers, for example, have been generally low-key in their coverage of the events in Coahuila.



EXILE IS OVER — Patriarch Shenouda 3d, with staff, walks with followers outside his monastery in Egypt's Natrun Valley. The patriarch was deposed as head of the Coptic Orthodox Church and banished to the monastery in 1981 by the Egyptian government, which accused him of promoting sectarian violence. On Tuesday, the patriarch learned he would be allowed to resume his duties as head of the seven-million-member church.

Vietnam Shells Cambodian Posts; Thailand Says It Will Protest to UN

The Associated Press

NONG SAMET, Thailand — Vietnam shelled Cambodian positions Wednesday along the Thai-Cambodian border. Hundreds of Cambodians and Vietnamese have been reported killed or wounded in the offensive, although no precise figures were available.

The Khmer Liberation Front is allied with the Communist Khmer Rouge against the Vietnamese, who invaded Cambodia in late 1978 and set up a pro-Hanoi government. A third resistance group is loyal to the former Cambodian head of state, Prince Norodom Sihanouk.

The Red Cross said that 41 front guerrillas from Rithien were treated on Monday and Tuesday, with 25 hospitalized and 16 released after treatment. This compared with 100 on Sunday, one of the bloodiest days of combat since the war began five years ago.

Thai intelligence sources at the border town of Aranyaprathet said that the Vietnamese also dropped

five artillery rounds on the perimeter of Ampil camp, the front's headquarters, north of Rithien.

Vietnamese news media, monitored in Bangkok, have not commented on the border fighting, which erupted in November at the start of Hanoi's dry-season offensive and escalated Christmas Day when Vietnamese units assaulted Rithien and drove out its 60,000 civilian inhabitants.

Vietnam has 160,000 troops in Cambodia while the Cambodian Army numbers about 30,000, according to Western estimates. The Khmer Liberation Front fields about 12,000 fighters, the Khmer Rouge more than 30,000 and the Sihanouk group about 5,000.

Retreat Is Reported

Vietnamese troops were apparently beginning to retreat from Nong Samet after suffering heavy losses, Cambodian resistance leaders told Reuters in Ampil on Wednesday.

Norway May Cut Force

Norway is planning to reduce its contingent with the United Nations peacekeeping force in Lebanon, or UNIFIL, unless Lebanon and Israel reach a security agreement, a Defense Ministry spokesman said in Oslo on Wednesday, according to Reuters.

Finland has also expressed concern over the mandate of its troops in Lebanon. Norway and Finland provide more than a quarter of the 5,240-member force.

A Defense Ministry spokesman said that Norway considered UNIFIL powerless to carry out its mandate to keep the peace in Lebanon.

10,000 Stranded For a Night in Beijing Station

BEIJING — Ten thousand people were stranded for the night at a railroad station in Beijing on New Year's Eve because zealous officials wanted to meet a 1984 target for completing a project, an official said Wednesday.

Chen Puri, the railways minister, said officials held up 60 trains for 15 hours without warning so they could finish refurbishing a signal box, according to the China Daily newspaper.

The work was scheduled to be completed in 1984 and railway officials wanted to be able to report that it had been done on time.

Italy Sets Ban On Plastic Bags

ROME — The Italian Ministry announced Wednesday that plastic bags will be banned throughout Italy beginning in January 1991.

The ministry also banned by the same date all packing and bags made with fibers that cannot be recycled.

Plastic bags, used in supermarkets and in most shops, are not biodegradable and are considered a major pollution problem in many countries.

Beirut Begins First Steps To Reopen Coastal Road

The Associated Press

BEIRUT — Lebanese police surveyed the dividing line between rival militia front lines on the coastal highway south of Beirut on Wednesday as the first step toward reopening the long-closed road.

Prime Minister Rashid Karami, meanwhile, announced a five-point government program to determine the fate of those kidnapped in recent fighting in the Lebanese civil war. Relatives of the missing have blocked traffic between Beirut's Muslim and Christian sectors for six days.

The road survey was made by 12 senior police officers, state and private radio stations said. They also traveled through the Druze-held hills overlooking the highway, from where many of the artillery pieces and snipers have fired on the road in the past weeks.

On Thursday, the officers are scheduled to tour the Christian-held section of the highway, between the Damour River and the beginning of the Israeli-occupied zone at Sidon, the radio reports said.

Under the plan worked out among militia, police and army commands, the officers were to make sure that all fighting along the coastal highway had stopped and that there were no snipers left.

About 200 internal security policemen would then move from Beirut's outskirts toward the coastal town of Damour to remove mines, earth mounds and barricades that have blocked the southbound road since fighting last February.

The police operation was expected to be completed by Sunday. A 1,200-member regular army force would be deployed along the 25-mile (40-kilometer) road between Beirut and the northern edge of Israel's occupation zone.

Rival Druze and Christian militia commands have pledged to cooperate.

Mr. Karami's national coalition cabinet met Wednesday at President Amin Gemayel's presidential palace in suburban Baabda to oversee the first stage of the operation.

Mr. Karami said the government had agreed to help the families of those kidnapped in recent fighting to determine the fate of their relatives. He said the government would work with the International Committee of the Red Cross to secure the release of those kidnapped.

Wreckage of Plane Reported Sighted

WASHINGTON (AP) — The Federal Aviation Administration said Wednesday that the wreckage of a plane has been spotted 50 miles (80 kilometers) east-southeast of La Paz, and is believed to be Eastern Airlines flight 980, which disappeared Tuesday.

But an Eastern spokesman in Atlanta said the airline had not received such a report and that a reported sighting of a wreckage later was determined to be a rock formation. Flight 980 was en route from Asunción, Paraguay, to La Paz with 33 persons on board. The State Department said that Marian Davis, wife of the U.S. ambassador to Paraguay, Arthur H. Davis, was among those on board the plane.

An FAA spokesman said that the sighting, reported to the agency, was made by air and from a distance where positive identification could not be confirmed. He said the wreckage was in the general area where the plane was last heard from 10 minutes before it was due to land at La Paz.

For the Record

Bernhard H. Goetz, who confessed to shooting four teen-agers who investigators said tried to rob him Dec. 22 in a New York City subway, waived extradition in Concord, New Hampshire, Wednesday. He said he would return voluntarily to New York to face charges of attempted murder.

John F. Kerry was sworn in as an interim U.S. senator from Massachusetts on Wednesday to serve one day of the term of Paul E. Tsongas, the outgoing senator, in a ploy to give Mr. Kerry an advantage in seniority over six other freshmen senators. Mr. Kerry, a Democrat, was scheduled to be sworn in Thursday for his own full six-year term.

The world chess champion, Anatoli Karpov, and his challenger, Gary Kasparov, agreed to a draw Wednesday in the 37th game of their match. Mr. Karpov leads 5-1.

Vietnam will probably execute five persons sentenced to death for plotting to overthrow the regime, despite an appeal by the French prime minister, Laurent Fabius, diplomats in Bangkok said Tuesday. (Reuters)

An Israeli actor and theatrical director, Shmuel Hasfari, 30, has been sentenced to 35 days in a military prison for refusing to serve in Lebanon. His friends said. (AFP)

Frans Meijer, accused of involvement in the 1983 kidnapping of the Dutch brewer Alfred Heineken, escaped from a psychiatric hospital in Utrecht, the Netherlands, Tuesday, the police said. (Reuters)

Polisario guerrillas killed 65 Moroccan soldiers and wounded 55 in an attack in the northeast of the Western Sahara territory Monday, the Polisario Front said in a statement released Tuesday in Algiers. (AFP)

Somali troops killed 200 Ethiopian soldiers and wounded many more Tuesday when Ethiopian forces attacked the town of Balmalele. Radio Mogadishu, monitored in Nairobi, said Tuesday. (AFP)

In Singapore, a Technocrat Goes Far

Reuters

SINGAPORE — Goh Chok Tong, who was sworn in Wednesday as Singapore's first deputy prime minister and defense minister, is a young technocrat personally groomed for politics by Prime Minister Lee Kuan Yew and is seen as Mr. Lee's likely successor.

The U.S.-trained economist, who has been the defense minister since 1983, has made his mark both on the Singapore armed forces and the island's fast-growing industrial sector.

He carried out a Swiss-type civil defense concept, raised public confidence in the armed forces and pushed high technology plans in the military and industry. He also became the chief strategist of the ruling People's Action Party.

Moving from the private sector in 1976, the 43-year-old technocrat gradually worked his way up the political ladder and was brought into the central executive committee of the People's Action Party two years later.

He mapped out plans for the 1980 and 1984 elections, which gave his party landslide victories.

For a man who started without a strong grass-roots following, Mr. Goh does a good job of keeping the party machinery well-oiled.

He was the prime mover of a

medical plan that reduced state subsidies for health care and shifted the burden onto the taxpayer. The "medisave" plan was attacked by opposition political parties.

Most of the opposition leaders said they believed that Mr. Goh was the obvious choice to lead the People's Action Party after Mr. Lee.

Mr. Goh is at ease with journalists, a trait not shared by most of his party colleagues. He is approachable and has an easy smile but does not have Mr. Lee's formidable presence.

"He's not very charismatic," said a close friend of Mr. Goh. "But he's probably more liberal in his views and a sort of a consensus builder. He puts his ego relatively low and tries to draw out other people's ideas."

A senior official of the Trade and Industry Ministry, a portfolio that Mr. Goh held from 1979 to 1981,

said: "He can get to the root of problems quickly and solve them."

Mr. Lee, who has been leader of Singapore for 25 years, has indicated that he may step down in 1988 when he will be 65.

Speaking at the swearing-in ceremony at the state palace, Mr. Lee said the new 13-member cabinet would be strengthened in the coming years by still younger men in parliament, including junior ministers.

Finance Minister Tony Tan, a key member of the group of rising young officials, said the younger leaders, under Mr. Goh's guidance, would give the ruling party "a fresh new image and a new burst of life."

Opposition leaders said they were not surprised by the composition of the new cabinet but doubted the new team could match the performance of the old guard of whom only three, including Mr. Lee, remain.

Correction

A United Press International dispatch in Wednesday's editions erroneously reported that former Brigadier Lee Hien Loong was the new defense minister of Singapore. Goh Chok Tong, who was named first deputy prime minister, retained the defense portfolio. Mr. Lee, who is the son of Prime Minister Lee Kuan Yew, was named minister of state for defense.

Philippine Opposition Agrees on Candidate Plan

Reuters

MANILA — A group of Philippine opposition politicians backed by prominent businessmen signed an agreement Wednesday on a method for choosing a presidential candidate if an early election is called. Elections are now scheduled for 1987.

The agreement would allow 14 people to nominate opposition candidates for president and vice president and would take effect in case of a vacancy in the presidency before the end of the term of President Ferdinand E. Marcos.

The signatories said the move followed reports of Mr. Marcos's recent illness and the possibility that he might not complete his six-year term.

The presidential palace has denied reports that Mr. Marcos has heart or kidney problems and has said that he is recovering from asthma, influenza and allergies.

Signatories to the agreement include Jaime Ongpin, a wealthy businessman; Corazón Aquino, widow of the murdered opposition leader, Benigno S. Aquino; two members of parliament; representatives of political figures now in the United States, and four former senators.

On Dec. 26, they signed a declaration of unity that contained commitments for the chosen candidate, if elected, to draw up a new constitution, legalize the Communist Party, release political prisoners and remove U.S. military bases.

Among the possible candidates in the group are Mrs. Aquino as well as the former senator's militant younger brother, Agapito Aquino, and a former Marcos assistant, Rafael Salas, who is now head of the United Nations Fund for Population Activities.

Under the constitution, an election must be called within 60 days in the event of a vacancy, leaving



Corazón Aquino, former Senator Lorenzo M. Tañada, center, and Jaime Ongpin, a businessman, signing an agreement on choosing an opposition presidential candidate.

the opposition little time to choose a candidate.

Former Senator Salvador H. Laurel, president of the United Nationalist Democratic Organization, did not sign the agreement.

Mr. Marcos, 67, who has been in power for 20 years, has announced that he will run for re-election in 1987.

Meanwhile, unidentified gunmen struck twice Wednesday in the northern Philippines, killing a mayor and his three bodyguards in one incident and wounding a provincial governor and killing his son in another, police reported.

Spokesmen said it was not known whether the Communist New People's Army was involved. Mayor Rogelio Lagmay and his three bodyguards were shot and

killed as they were entering the town hall in Zaragoza, 75 miles (120 kilometers) north of Manila.

Abra Governor Andres Bernos and his family were ambushed as they were driving toward Banguet, 200 miles north of the capital. The governor's wife, their driver and bodyguard were severely wounded and his three-year-old son was killed.

In addition, the tax plan would reduce the value of interest deductions on investment properties by discounting the payments for inflation. At the same time, anybody who receives interest would get to reduce the interest income by an amount set by the Treasury so that the recipient is no longer taxed on income due solely to inflation.

Furthermore, the tax rules would eliminate a prime attraction for individual investors in real-estate tax shelters. The rules would prevent big real estate syndicates — those with more than 35 investors — from passing tax losses on to participants who use these losses to reduce their personal income-tax bills.

The three also said they intended to discredit Father Popieluszko by forcing him to drink a bottle of liquor.

The trial indictment charges the order to kill the priest originated in "the highest level" of government and that the three police officers were promised awards for carrying it out.

The Solidarity trade union, which was outlawed in 1982 during the period of martial law, has urged Poles not to hold street protests, saying the killing was a "provocation" intended to cause instability.

Poles have formed long lines in front of newspaper stands in major cities to buy papers, which have carried long reports on the trial.

Polish Agent Says Plot Started at High Level

(Continued from Page 1)

From the Interior Ministry. He said, "Platck told Piotrowski he got the wrong man to talk to."

Lieutenant Pekala, Lieutenant Chmielewski and Captain Piotrowski are charged with killing the

priest; all three have admitted they did so. Colonel Pietruszka was charged with aiding in the crime.

General Platck, who was Captain Piotrowski's superior, has been suspended but has not been charged in the murder.

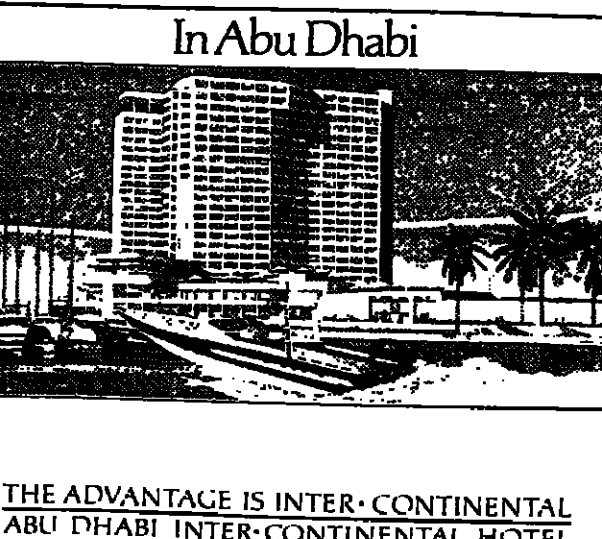
Father Popieluszko was kidnapped Oct. 19, beaten and strangled. His body was found Oct. 30 in a reservoir near Torun. All four defendants face sentences ranging from eight years in prison to death by hanging.

"My participation in the murder was the result of my thoughtlessness and naivete," Lieutenant Pekala said. "It was a nightmare. I was too obedient."

He admitted that he was aware of the political consequences of the plot and that he was told on his arrest "where the body was" and that the "hiding of the body could spark riots in the country."

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Abortion Unit Bombed in U.S., Stirring New Protest

By Margaret Engel
and Lyle V. Harris
Washington Post Service

WASHINGTON — An abortion clinic in Washington has been bombed, prompting new requests that President Reagan, the FBI and other federal agencies take action to stop violence against abortion clinics.

The blast, which took place early Tuesday, caused extensive damage inside the Hillcrest Women's Surgery Center and broke more than 230 windows in two apartment buildings across the street. There were no injuries.

The bombing was the Washington area's fourth in two months and the 25th attack against abortion facilities nationwide since the beginning of 1984.

Clinic owners, abortion-rights advocates and women's groups expressed anger over the bombing and urged stronger U.S. government efforts to end the violence.

"We urge all Americans to call upon President Reagan to put the full force of the U.S. government behind efforts to seek out, identify and curtail these criminal activities," said a spokeswoman for Faye



Property damage being checked at the Washington abortion clinic after the explosion.

Wattleton, president of the Planned Parenthood Federation of America Inc. The organization does not operate abortion clinics but provides abortion counseling.

Miss Wattleton and others have criticized the FBI for not investigating the bombings. Lane Bonner, an FBI spokesman, said the agency is not involved because there has

been no evidence of a conspiracy. "These incidents are being aggressively investigated by the U.S. Treasury Department's Bureau of Alcohol, Tobacco and Firearms, and they have primary jurisdiction," Mr. Bonner said. "If we found evidence of an organized group, then we would be the lead agency. But we have no evidence of

any organized conspiratorial enterprise." As in other abortion-clinic bombings, a man saying he was part of a group calling itself the "Army of God," claimed responsibility for the blast. In a telephone call Tuesday to The Washington Times, the caller said an Ohio abortion clinic would be bombed next.

Clark, Top Environmental Official, Tells Reagan He's Planning to Resign

By Stephen Engelberg
New York Times Service

WASHINGTON — Secretary of the Interior William P. Clark has told President Ronald Reagan that he intends to resign and return to his ranch in California, a spokesman for Mr. Clark has announced.

The spokesman, Albert R. Brashear, said Tuesday night that Mr. Clark met with Mr. Reagan in California before New Year's Day to say that "this job was substantially accomplished and it's time to go home."

Mr. Clark, 53, replaced James G. Watt as interior secretary in November 1983. Mr. Clark, who has played the role of troubleshooter in several areas for the Reagan administration, was appointed at a time when Mr. Watt's policies were under heavy criticism by environmentalists.

[A White House spokesman told United Press International that Mr. Reagan has "great confidence and high regard for Mr. Clark. He's sorry to see him leave the administration."

Mr. Clark's planned departure is a potential setback for conservatives within the administration. He was seen as a counterweight to more moderate members of the Reagan inner circle such as James A. Baker Jr., the president's chief of staff.

Conservatives are likely to be especially concerned about Mr. Clark's departure since another influential conservative, Edwin J. Meese 3d, the presidential counselor, is scheduled to leave his White House post soon to assume control of the Justice Department.

Mr. Brashear likened the departure of Mr. Clark to the recent resignation of William D. Ruckelshaus, the head of the Environmental Protection Agency, who had replaced Anne M. Burford, a Reagan appointee whose policies had also been attacked by members of Congress and environmentalists.

"He was sent to do a job, much like Bill Ruckelshaus, and now that job is substantially completed," Mr. Brashear said. "He liked it here very much, but at every opportunity he would say how much he enjoyed his ranch and how much he wanted to get back to it."

Mr. Brashear said it had not been decided when Mr. Clark would leave the Interior Department, but he said the transition was likely to take several months.

Mr. Clark came to Washington four years ago as Mr. Reagan's deputy secretary of state. In Senate confirmation hearings for that post, he was ridiculed for demonstrating a lack of knowledge in basic areas of foreign policy. But he went on to win a reputation as an

able adviser to and troubleshooter for the president.

Mr. Reagan named him national security adviser in 1982, a post that gave him direct access to the president but sometimes put him at odds with other top White House aides.

Mr. Clark, a favorite of Republican conservatives because of his hard-line foreign policy views, was criticized by some in the White House for winning presidential approval of key decisions without having them processed through the bureaucracy.

Mr. Clark's association and personal friendship with Mr. Reagan dates to the president's days as governor of California. From 1967 to 1969, Mr. Clark served as chief of the governor's staff in Sacramento. Mr. Reagan later appointed him to the state Superior Court, then Appellate Court and finally to the California Supreme Court.

Laxalt Is Candidate

Cass Peterson of The Washington Post reported from Washington:

The names of Energy Secretary Donald P. Hodel and Senator Paul Laxalt, Republican of Nevada, have surfaced as possible successors to Mr. Clark.

Representatives Dick Cheney of Wyoming and Manuel Lujan Jr. of New Mexico, both Republicans, are also likely to be in the running.



William P. Clark

Except for Mr. Laxalt, all were considered for the post after Mr. Watt's resignation in late 1983. Each is highly regarded in the Republican Party's conservative wing and each could be expected to be comfortable with a policy that emphasizes resource development and budgetary austerity.

Moreover, all are "God-fearing Westerners," the term Mr. Reagan applied to Mr. Clark when he chose him to head the Interior Department. That credential is a virtual requirement for an office that has broad authority over millions of acres of Western lands.

But the nomination of either Mr. Hodel or Mr. Laxalt could draw strong opposition from critics of the administration's natural-resources policies.

In Sweden, the Old Certainties Wane

By John Vinocur
New York Times Service

STOCKHOLM — The Tower of Babel stood in Uppsala, and wandering Swedes spread order and civilization afar. Greek goddesses were really Swedish women who had trekked south, their language becoming the tongue of perfection, the vernacular in paradise.

Swedenborg, the 18th-century mystic philosopher, considered such theories, and mused over the idea that Sweden was the original Garden of Eden. His contemporary, Olof Rudbeck, insisted that Atlantis, no myth, never mind the cold, had existed right here at home, the light of the universe, the hope of mankind.

By comparison, the Swedish Model, once so confident, speaks more timidly these days. Internal debate often involves egalitarian millimeters (does an outdoor motor require a luxury tax?) and it is accompanied by a shriveled reflex to admonish the rest of the world, a retreating conviction that Sweden has only the right lessons to give.

The time from the last weeks of December until after New Year's Day is a special one for the Swedish Model because work virtually stops. Dec. 24 is a free day, and so is Dec. 31. Industry knocks off, and national defense, according to Svenska Dagbladet, is virtually nonexistent from Dec. 21 to Jan. 7. S.A.S., the national airline, drops Paris from its Stockholm schedule for the holidays, the market abandoned to the French.

In terms of the Swedish Model of a half-century of social democracy, so often praised for its generosity, this is a high point: It's not an official vacation (everyone gets five

weeks), but almost no one is on the job. Sweden coasts.

The strange thing about the period of this winter is that it is hardly one of self-satisfaction, and the old certainties. The Social Democrats, who face the voters in September, have their lowest poll scores in a decade, and are likely to leave power by the end of the year. It is not a question of alternating governments, but of a deep change in national tone.

Berni Carlsson, the former general secretary of the Socialist International, and now a roving ambassador, sat with friends the other day looking at the stillness of the season. He had almost been stranded in London at Christmas because there was no SAS flight to Stockholm.

REPORTER'S NOTEBOOK

sator, sat with friends the other day looking at the stillness of the season. He had almost been stranded in London at Christmas because there was no SAS flight to Stockholm.

"I wonder," he said, cautiously, a true party man, "if Sweden can go on without adjusting its working schedule to meet the realities of the outside world."

Expressen, the biggest newspaper in Scandinavia, ran an unusual article on New Year's Eve, with a headline saying that Sweden's last chance for survival was to imitate the United States. By local standards, it brushed the incredible. The cruel, heartless, American bully — according to Swedish journalistic convention, at least — was being held up as a positive example of success by Ulf Nilsson, the paper's star reporter.

As for the original Swedish Model, he wrote: "Instead of changing our country into the perfectly egalitarian society, it was changed into a nation of tax-evaders and workers who will only accept cash under the

counter. Worse, it's been changed into a country of standstill, deadlocked into stagnation. And yes, even in Sweden, people are realizing it."

In general, it has been a hard season for Swedish certainties, among them that the country has somehow escaped from racism, and is in a unique position to lecture others on their failings.

Two researchers at the University of Lund, David Weston, a Briton, and Richard Sotio, a Frenchman, discovered a collection of skulls once used to prove in the 1920s and 1930s that the purest strain of the Germanic race had populated Sweden, driving out Finns and Lapps of lesser "racial merit."

The skull collection fit in with the founding in 1921, at the request of two Social Democratic legislators, of an Institute of Racial Biology to investigate "racial degeneration" threatening the tall, blond, Swedish tribe deemed "the purest" of the Germanic peoples.

The researchers said that the institute ran parallel to a program of mass sterilization, involving 15,000 people, ending only after World War II.

The literature of the period, now resurfaced, has rebounded to strike Alva Myrdal, the 1982 Nobel Peace Prize winner, who called for a strengthening of the sterilization laws in 1935.

The last castrations in Sweden on "humanitarian grounds" are believed to date to 1979, after the wartime sterilization law was changed, but Mr. Weston insists that the extraordinary aspect of his research is "not just the racist material that it shows, but Sweden's near-total refusal now to deal with it."

During the Christmas period, N.G. Gevall, a professor at the University of Stockholm, accused Mr. Sotio and Mr. Weston, in turn, of making a "very unreliable and sensational" story out of a "quite ordinary collection of skulls in a dusty old attic."

Mr. Weston fired back for the New Year: "That Sweden should be constantly pointing at other peoples' racism and hiding its own is a fact that can only be interpreted in the worst possible way."

The Swedish Model, when it has been criticized most effectively, has been accused of over-regulating society, of calibrating existence into such narrow quantities of measure as to weigh Swedes down with a sense that their lives, even without malevolence, are controlled.

Some Swedes point to limited degrees of deregulation in the Swedish securities and foreign exchange markets as the first signs of a counter development. But the reflex to perfect, to cut finer into daily life does not disappear easily.

In December, the Swedish parliament voted a law providing that children conceived by artificial insemination could, on reaching their majority, find out the name of their "biological father."

Justice Minister Sten Wickbom defended the bill as protecting "the frankness of the parent-child relationship," while those opposed said it was unnecessary, and an enormous potential complication in the lives of people who simply wanted children, but could not have them.

The Swedish state has remained true to the continuing need to finance the Swedish Model. The 200 kronor (\$22) fee paid the sperm donors is now fully taxable.

Social Change May Loosen Mafia's Hold on Sicily

By E.J. Dionne Jr.
New York Times Service

PALERMO, Sicily — The Mafia has come under strong attack here as a result of far-reaching changes in Sicilian political and social life, many Sicilians say.

The stepped-up assault on organized crime, many believe, has permanently altered the relationship between the Mafia and the people of this island.

Magistrates, politicians, church leaders and ordinary Sicilians who express this view do not play down the importance of recent police breakthroughs, notably the confessions of a former Mafia leader, Tommaso Buscetta.

Nor do they argue that the war on the Mafia has been won. Indeed, some Sicilian authorities contend that, in certain respects, the Mafia is more powerful than it was a decade ago.

But two months after the first wave of arrests that were spurred by Mr. Buscetta's confessions, Sicilians who have been studying the Mafia for years are in broad agreement that its hold on Sicily is not as strong as it once was. They cite several important factors behind this change.

One is that the Mafia's involvement in the international drug business has weakened its base of passive support among Sicilians, as has a wave of killings involving magistrates and political leaders.

"All this killing, all the heroin affected every family here," said Judge Giuseppe DiLello, one of the magistrates investigating the Mafia. "There are a lot of people who finally realized how important it was to get rid of the Mafia."

Another factor is that a new generation of magistrates with few ties to traditional local political and business leaders have been spearheading the fight against the Mafia. These magistrates, it is agreed here, are less subject to political influence than were some of their predecessors.

In addition, the Roman Catholic Church in Sicily, led by Cardinal Salvatore Pappalardo, who was named archbishop of Palermo in 1970, has become a major ally of the anti-Mafia movement. "In 14 years, the church has had a great deal to do with changing public opinion," said Antonio Calabro, an editor of l'Ora, a leftist Palermo daily.

Officials also cite these other elements in the overall weakening of the Mafia:

• New laws, notably one allowing magistrates to look into the bank accounts of organized crime groups and to seize property, have substantially increased the state's power to prosecute. Improved relations between Italian and U.S. prosecutors have also strengthened the hands of organized crime's opponents.

• National political leaders, some of whom were ready to enter tacit alliances with organized crime leaders here, appear far more reluctant to do so now, fearing a political backlash in parts of Sicily and the rest of Italy.

Although Mr. Buscetta's revelations have greatly helped investigators make arrests and push other inquiries forward, his testimony appears mainly to have accelerated a process that was already taking place.

"The declarations of Buscetta were important but not decisive," said Francesco Renda, a Sicilian historian. "The movement of ideas was already taking place."

The movement of ideas discussed by Mr. Renda was spurred partly by the gradual rise of Sicily's economic and educational level and much urban development, some of it financed by the Mafia itself.

Palermo reflects these changes. Side by side with the distinguished old city is the Palermo of modern high-rise towers.

"People come down here expecting everyone to be wearing black and seeing women staring out from behind shuttered windows," said Terry B. Shroeder, the director of the U.S. Information Service in Palermo. "They are amazed to find a modern, sophisticated metropolis."

The statistics support the view of a transformed Sicily. Illiteracy, once widespread, had dropped to 10.7 percent by 1971 and to 6.5 percent a decade later, according to Italy's National Institute of Statistics. First-year enrollment at universities has increased by 4.6 percent over the last decade.

In the meantime, between 1970 and 1980, individual income rose by 27.7 percent, taking inflation into account.

But the economic statistics also underscore another fact: Between 1970 and 1980, consumption increased 46.6 percent. Some of this came from income and consumption is explained by the Italian tradition of tax evasion. But some is also attributable to "black money" arriving through the Mafia.

"Palermo, on paper, has one of the lowest average incomes in Italy but is near the top in consumption," said Daniele Piccinini, a journalist who covers the Mafia for Il Giornale di Sicilia. "The difference between income and consumption is the Mafia."

There is considerable debate in Sicily over how much of the money, especially from the drug business, actually reaches the pockets of honest Sicilians.

"Most of the drug money goes abroad: to Spain, the United States, a lot to Canada, Switzerland, to building hotels around Italy," said Luigi Colajanni, the regional secretary of the Communist Party, reflecting a widespread view among the Mafia's foes. "Only a fraction of it stays here, maybe 20 percent."

Others think the "trickle-down" effect may be greater. But the very source of the huge increase in the Sicilian Mafia's revenues over the last decade has also been behind the organization's loss of whatever popular esteem it once had.

With the breakup of the so-called French connection and the shutdown of the heroin factories in Marseille, a significant share of the



Tommaso Buscetta, a former Mafia boss turned informer, arriving in court to be interrogated by Italian magistrates.

drug business apparently moved to Sicily. The Sicilian Mafia took over a large share of the drug trade to the United States and served as brokers with traffickers in the Middle East.

The new business had two important effects. It transformed the Mafia, leading to a series of gang wars. And it enraged many Sicilians.

"What has changed in Sicily," said the Reverend Emilio Pintacuda, a Jesuit sociologist who directs an anti-Mafia research institute in Palermo, "is the relationship between the Mafia and the social structure."

"Drugs changed everything," Mr. Colajanni, the Communist Party official, said. "The old Mafia had a lot of families and a lot of levels of decision. But the international drug business required a concentration of decision-making. It opened up a war to reduce the number of pretenders. The Mafia moved from a familial, peasant culture to a capitalist culture."

According to Father Pintacuda, the Mafia's decision to go heavily into the drug trade was seen by many Sicilians as an attack on their most basic values. It also, he said, encouraged a change in attitude among Sicily's elites.

"The drugs hit first, as they always do, in the upper-class families," Father Pintacuda said. "The bourgeois families began to see that

the Mafia was entering their own houses, their own families."

The gang war, in which 400 people were killed between 1980 and 1983 alone, had another effect, tearing apart the traditional restraints the Mafia had operated under. The result was a series of killings of the Mafia's foes in the magistrature and among political leaders, including General Carlo Dalla Chiesa, who had been sent to Sicily as a prefect to lead the war against organized crime.

The killings enraged Sicilians and reinforced the estrangement begun by the drug business. "The killing of Dalla Chiesa was the biggest mistake the Mafia could have made," said Leonardo Sciascia, perhaps the best-known living Sicilian novelist and a student of the Mafia.

While public reaction against the Mafia was growing, a quieter, long-term change was taking place in Sicily's Catholic Church. Cardinal Pappalardo came in 1970 and made clear that the church would not remain silent any longer in the face of the Mafia. Some church leaders, like some conservatives, had seen the Mafia as a force for social stability and solidarity.

Cardinal Pappalardo's sharp attacks found resonance among a generation of Catholic laity that had been affected by the new mood in the church spurred by the Vatican Council II.

Chester A. Ronning, 90, Canadian Diplomat, Dies

New York Times Service

NEW YORK — Chester A. Ronning, 90, a Canadian diplomat who carried out a confidential mission to Hanoi in 1966 in an attempt to get peace talks going between the United States and North Vietnam, died Monday of pneumonia in Camrose, Alberta.

Born in China of missionary parents and fluent in Chinese, Mr. Ronning was widely regarded as Canada's leading expert on China.

After a visit to Hanoi early in 1966, Mr. Ronning went to Washington carrying the North Vietnamese government's first offer to begin peace negotiations with the Johnson administration if the United States announced a halt in its bombing of North Vietnam. But the United States did not stop the bombing until March 1968.

Before his Hanoi mission, Mr. Ronning was counselor and chargé d'affaires of the Canadian Embassy in China from 1946 to 1951; head of the American and Far Eastern Division in the Department of External Affairs from 1951 to 1953; ambassador to Norway, the land of his ancestors, and Ice-



Chester A. Ronning

land from 1954 to 1957; and ambassador to India from 1957 to 1964.

Leo Robin, 84, Hollywood Lyricist
LOS ANGELES (UPI) — Leo Robin, 84, an Oscar-winning lyricist who wrote the words to theme

songs adopted by Bob Hope, Jack Benny and Maurice Chevalier, died Saturday.

Among Mr. Robin's creations were "Louise," Chevalier's song; "Love in Bloom," Benny's theme; and "Thanks for the Memories," Hope's tune. He won his Oscar for "The Big Broadcast of 1938." He also wrote the words for "Diamonds Are a Girl's Best Friend," and "Beyond the Blue Horizon."

Mr. Robin died the scores for more than 30 movies.

Nobuhiko Ushiba, 75, Japanese Diplomat
NEW YORK (NYT) — Nobuhiko Ushiba, 75, a leading Japanese diplomat, international trade negotiator and former ambassador to the United States, died Sunday of a liver ailment at a Tokyo hospital.

As ambassador to Washington from 1970 to 1973 and again as minister of state for external economic affairs in the late 1970s, Mr. Ushiba was involved in efforts to smooth tensions with the United States and other Western countries over trade imbalances and monetary instability.

culture editor of The New York Times, responsible for the daily coverage of the arts in every field.

Charles J. Kennedy, Magazine Publisher

NEW YORK (AP) — Charles J. Kennedy, 49, publisher of Town and Country magazine and former publisher of Newsweek, died Monday of cancer in New York.

Mr. Kennedy became publisher of Town and Country in September 1983, after resigning as the publisher of Newsweek the month before.

Other Deaths:
Raoul Pene du Bois, 72, a theatrical set and costume designer who won two Tony awards, after a stroke Tuesday in New York.

Gabriel (Flash) Elorde, 49, former world junior lightweight boxing champion, in Manila of lung cancer.

Sidney R. Garfield, 78, the doctor who founded the Kaiser Permanente Medical Care Program, the nation's first prepaid family health plan, Friday in Orinda, California.

Kathe Dasser, 67, co-founder of the Adidas sporting goods company, Monday of a heart attack. Mrs. Dasser and her husband, Adolf, started Adidas in Herzogenaurach, near Nuremberg, in 1948.

Anti-Nuclear Party Gets Australian Senate Seat

The Associated Press

PERTH, Australia — The Nuclear Disarmament Party appears to have won its first seat in the Australian Senate. The incumbent senator, Jack Evans of the Australian Democrats, said he conceded the seat for the state of Western Australia to Jo Vallentine as counting from the Dec. 1 election continued.

The Nuclear Disarmament Party emerged as a surprising force with a single theme of opposition to nuclear war. The party has called for the end to military ties with the United States and the banning of all nuclear forces from Australia.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Prisoners of Conscience

It is not sure that Burke uttered the famous line credited to him: "The only thing necessary for the triumph of evil is for good men to do nothing." But the exhortation is valid. Decent impulses are diffuse; evil is willful and specific. This is bitterly understood by political prisoners who are torn from normal life for the crime of belief and who vanish into a limbo where persons become abstractions. Not since the eras of Stalin and Hitler have penal colonies claimed so many victims. Their ordeal mocks faith in progress and reason, embodied in the most hypocritical United Nations document, the Universal Declaration of Human Rights.

What has changed in recent years is that good men and women in the free countries are speaking out. Rights groups have grown in size and influence, firing the weapons of publicity and shame. In America these forces have added "conditionality" to the jargon of politics, persuading Congress to make financial and military aid conditional on respect for human rights. And all these groups give prisoners of conscience the dignity of a human face.

With the help of such groups during the past year, we have drawn attention to some typically cruel cases. Here is a progress report: Raza Kazim, a Pakistani lawyer, was abducted by security police in Lahore last January and has been held ever since without charges. His family has finally been able to visit him. After refusing to discuss the case, officials now hint that he may be tried, in secret, for conspiring with an unnamed foreign power. If there is a case, why not an open trial?

Silvio Claude and Grégoire Eugene, Haitian

opposition leaders, are no longer under detention or house arrest. But neither feels able to speak out against the regime of President-for-Life Jean-Claude Duvalier.

Maciej Bednarkiewicz, a Polish lawyer framed by the police and threatened with prosecution for daring to represent political opponents, saw the charges dropped in July. He is again practicing law while the regime strains to cleanse itself of even worse atrocities.

Reha Isvan, an educator, is the only woman among jailed leaders of the Turkish Peace Association. She is pursuing an appeal. Six co-defendants have finally been released.

Aldo Zuccollo, publisher of ABC Color in Paraguay, is now at liberty. His paper, once the country's best seller, is still suppressed.

Srdja Popovic, a Belgrade lawyer, has been called as a witness in the case of six dissenters he wanted to defend. Under Yugoslav law he is thus disqualified from representing them.

Hiber Conteris, a Methodist minister in Uruguay who was tortured and denied an open trial, may be released by an amnesty expected when the country regains a civilian president in March.

Andrei Sakharov, the Soviet Nobel laureate, is in his sixth year in banishment in the closed city of Gorki. His implacable jailers deny him contact with the West and will not let his ailing wife, Yelena Bonner, leave the country.

These victims are not statistics for burial in a common grave. They illuminate an authentic adage of Burke: "Abstract liberty, like other mere abstractions, is not to be found."

—THE NEW YORK TIMES.

The Soviet-Chinese Thaw

A certain mellowness suddenly touches relations between the Soviet Union and China, the erstwhile allies whose falling out 25 years ago transformed international politics as nothing else since World War II. No, the two Communist powers are not back in political harness, a development far from the possibility and one that would bring a fresh wound to the global balance of power. But with the passing of time and of leaders personally committed to their feud, the fires have been banked somewhat.

The turn came a few years back, after Mao and Leonid Brezhnev, their successors in effect set a new Chinese-Soviet agenda, reducing the priority of the inflammatory issues of ideology, leadership and disputed territory and taking up a more modest list centering on immediate security tensions. In today's climate, even those security issues appear less urgent; at the least an effort is being made to isolate them from other questions.

Both sides now find it possible to seek areas of practical cooperation. Kinder words and cultural exchanges began some time ago, and on Dec. 28 three technical agreements were signed, including one to modernize some of the old Soviet-installed factories in China. That Moscow sent and Beijing warmly received Ivan Arkhipov, the Kremlin official who most symbolizes the good old days of Chinese-Soviet

accord in the 1950s, indicates the public face both nations want to put on their current tie. A limited expansion of trade is the next target.

Americans sometimes feel a slight crawl at the back of the neck when the Soviet Union and China treat each other civilly. The United States does not want to seem to be egging the two on in their disputes, but it cannot help appreciating the geopolitical comforts, from a U.S. viewpoint, of their split. In fact, the American experience with Moscow teaches that cultural and economic connections take one only so far. Beneath the new Chinese-Soviet ties persist the rivalry and distrust that limit the two countries' warming.

A degree of political competition is now evident on all sides of the Washington-Moscow-Berlin triangle. With Ronald Reagan having conquered his initial reservations about dealing with China, the Kremlin is moving to deny him an uncontested hand in Beijing. With Mr. Reagan also making an opening to Moscow, the Chinese, by doing new business there themselves, are taking out a little insurance. The People's Republic, focusing now on internal reform, seems eager to induce Moscow to start competing with the West in providing the wherewithal of China's economic progress. It is lively, and it is peaceful.

—THE WASHINGTON POST.

The Unending Strike

The British miners' strike grinds hopelessly along, producing much violence but little progress toward a settlement. Eleven years ago, a similar strike brought down Edward Heath's Conservative government in a matter of weeks. Now, eight months after the strike began, Margaret Thatcher's Conservative government remains as firmly in power as ever. What accounts for that vast difference?

Economists say that rising unemployment has cooled the British labor movement. But that is only a small part of the answer. The internal balance in British politics has shifted, and the unions have, in general, lost both power and moral authority.

The earlier standing of the miners' union goes back to a series of brutal collisions between mine owners and miners in the years between the two world wars, swinging public support strongly in favor of the miners. When a Labor government nationalized the mines immediately after World War II, the opposition was minimal. Whatever the friction between them, the Conservative Party, like most British voters, accepted the unions in the post-war years as a legitimate political instrument of the working class.

All that changed in the 1970s. The miners' union was one of the less obvious victims of the oil crisis of 1973. The enormous increase in oil prices made offshore production profitable in the North Sea, and British oil production in turn made coal less essential. Next, the oil

prices set off severe inflation that, as in other countries, increasingly frightened voters.

In Britain these problems were aggravated by the demands of strong unions and, as voters began to blame them for it, the leadership of some of the unions migrated sharply leftward.

Ever since the miners' union first moved toward a strike last March, its leaders have adamantly refused to allow a strike vote among their members. That refusal has drawn attention to some of the less appealing implications of the leaders' Marxist convictions, and explains the extremely tepid support that they have been getting from the rest of the trade union movement.

But, however radical in its politics, the miners' union is simultaneously extremely conservative in its social aims of preserving miners' jobs even in the most worn-out mines—as the union puts it, preserving the jobs for the sons and grandsons of the present miners. Mrs. Thatcher undoubtedly is correct in observing that the rigidity of that demand, in defiance of all economic limits, is not consistent with the rising standard of living for Britain.

As the unions' confusion filters up to their political arm, the Labor Party itself becomes increasingly distracted and confused. It leaves Mrs. Thatcher stronger than ever. And it leaves the British government destitute of the vigorous and coherent opposition that any government needs.

—THE WASHINGTON POST.

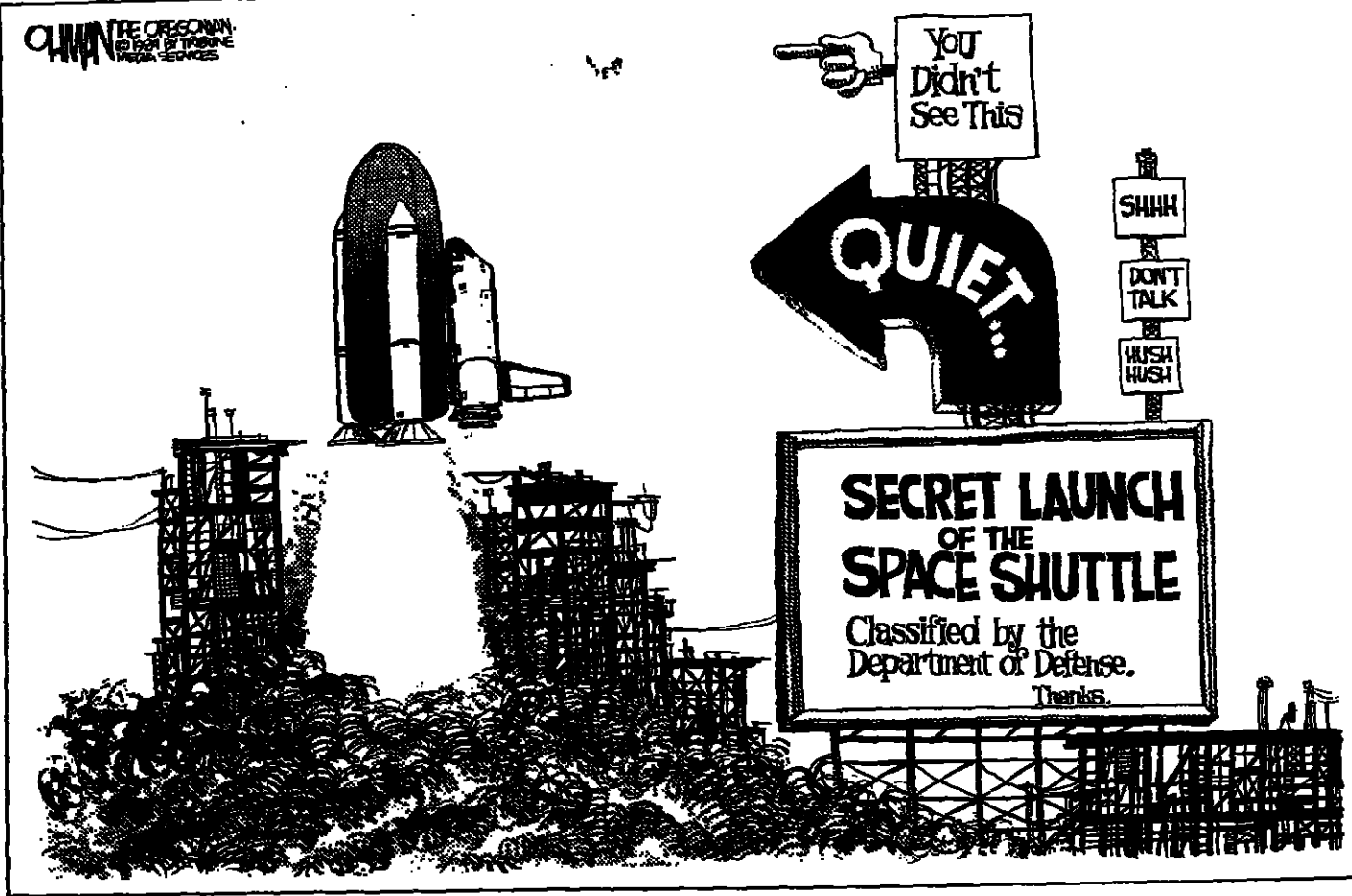
FROM OUR JAN. 3 PAGES, 75 AND 50 YEARS AGO

1910: Birds Flee the Flying Machines

PARIS — Ornithologists are unanimous in deploring the decrease of the winged species in France, where birds are becoming more and more scarce. Among those who had made appeals to Frenchmen to adopt measures in view of preserving birds on French territory is Comte Clary, president of the Saint-Hubert Club de France. Comte Clary says that the advent of aviation reads the departure of the feathered tribes. When they see flying machines which take the form of tremendous rapacious beasts of the air, the birds are panic-stricken and flee. True, Comte Clary expresses the opinion that the arrival of the winged man and the departure of the feathered tribe is but momentary, and he goes so far as to say that the time will come when flying men and birds will "understand" one another.

1935: Scientist Predicts an Airless End

NEW YORK — The human race is not slated to perish in the flames, as the New Testament predicts, but is due to die from asphyxiation, according to a comforting New Year's prophecy made by Professor Henry Russell, president of the American Association for the Advancement of Science. Professor Russell's words, however, do not form an oblique confirmation of the forecast of those calamity-mongers who periodically announce that humanity is going to be wiped out by poison gas in a future war. The professor was speaking scientifically, and he referred to the eventual exhaustion of the oxygen in the air we breathe. At the same time, there appears to be no need to worry about this state of affairs, for Professor Russell estimates that it will be 1,000,000,000 years, more or less, before the oxygen supply gives out.



Afghanistan Is Not Irrelevant to Arms Control

By George F. Will

WASHINGTON — The U.S. delegation to the Shultz-Gromyko demi-summit has packed its shirts and socks and illusions (the socks and shirts are in suitcases, the illusions in an enormous trunk), so this is a good time to notice a statement that arms controllers insist is irrelevant to arms control. The subject is Afghanistan. Mr. Reagan said continued Soviet butchery there is "a serious impediment to the improvement of our bilateral relations."

Now that is simply untrue. The Reagan administration is so eager for "improved" relations ("improvement" means less friction, which means more U.S. passivity as the Soviet Union behaves as it always does) that when Mr. Reagan spoke to the United Nations last year, his reference to Afghanistan was so brief and limp that William F. Buckley said the president "made it seem as though the poor Afghans were suffering from chicken pox."

What the Afghans are suffering is told in a report from Helsinki Watch. That organization monitors compli-

ance (where the Soviet Union is concerned, comprehensive noncompliance) with the Helsinki accords. The report tells of the fate of two brothers, aged 90 and 95, both blind, who remained in their village when everyone else fled from a Soviet offensive last year. The Russians tied dynamite to their backs and blew them up.

Between 4 million and 5 million Afghans (about one-third to one-fourth of the pre-invasion population; think of 60 million Americans) are refugees in Pakistan and Iran. They have fled because, the report says, "the crimes of indiscriminate warfare are combined with the worst excesses of unbridled state-sanctioned violence against civilians."

The authors of the report met an Afghan doctor who has lost 42 members of his family, two of them recently burned alive. The authors collected abundant evidence of "civilians burned alive, dynamited, beheaded; bound men forced to lie down on the road to be crushed by Soviet tanks; grenades thrown into rooms where women and children

have been told to wait. . . . From throughout the country come tales of death on every scale of horror, from thousands of civilians buried in the rubble left by fleets of bombers to a young boy's throat being dispassionately slit by a Soviet soldier."

The Sovietization of Afghanistan is advanced by ripping tens of thousands of children from their parents and sending them to the Soviet Union for "education." And of course there is the usual Soviet torture system: "Mothers were forced to watch their infants being given electric shocks. . . . A young woman who had been tortured in prison described how she and others had been forced to stand in water that had been treated with chemicals, which made the skin come off their feet."

The Reagan administration's desire, meanwhile, for Moscow to sign the UN Charter, the Geneva Conventions and the International Covenant on Civil and Political Rights — to sign more arms agreements like those it now violates. The arms control lobby will say

that Afghanistan is irrelevant to the business of arms control. But the arms control process rests on illusions about the fundamental dynamic and aims of the Soviet regime. That regime reveals its essence daily in Afghanistan. It is a regime interested only in enhancing its military edge and the resultant political gains. It successfully uses the arms control process only for that purpose.

On the U.S. side, that process rests on the radically false premise that the Soviet regime desires agreements that will codify a relationship of "live and let live." (The words are, astonishingly, those of Paul Nitze, special arms control adviser to Secretary George Shultz.) The Soviet regime is not in the "live and let live" business.

As a last rhetorical resort, arms controllers quote Churchill's formulation, "Better jaw-jaw than war-war." That formulation is true, but hardly exhausts the alternatives, and ignores the fact that the Soviet regime regards jawing as a facet of warring. U.S. policy, illuminated by the light shed from burning Afghanistan, is: We jaw-jaw while they war-war.

Washington Post Writers Group.

Two Roads Diverged: A Year of Superpower Choices

By James Reston

WASHINGTON — The new year brings the 40th anniversary of two important dates in the history of U.S.-Soviet relations: the end of the Second World War and the beginning of the United Nations' long, tormented search for peace.

It would be interesting if the United States and the Soviet Union set aside a few days in 1985 to celebrate together the days when they did something in common. For they have disagreed for so long now about everything that they cannot quite believe they can agree on anything.

This is the psychological cancer that is growing in the world: a general acceptance of pessimism and even cynicism about whether these two clumsy nuclear giants will ever really work together, even marginally, for a safer world.

It is unreasonable to suppose that Secretary of State George Shultz and the Soviet foreign minister, Andrei Gromyko, meeting in Geneva next week will make much progress on the control of nuclear weapons on earth, let alone in outer space.

This is the hardest part of the tangle, the end result and not the cause of 40 years of distrust. But if they start at the beginning, the two might at least be able to agree on the possibility of compromise, if not peace, and use 1985 to recall their common sacrifices and hopes.

There is no doubt that the 40th anniversary of the end of World War II will be celebrated. The question is whether Washington and Moscow will celebrate it together in remembrance of their cooperation or celebrate it separately, each taking cred-

it for their common victory and adding to their present disunity. It all depends on how the thing is done and who is invited to the ceremony. It could be a vengeful remembrance of victory over the Nazis and the Japanese militarists, or a reminder of the revival of Germany and Japan and their reconciliation with the peaceful family of nations.

The chances are that less attention will be paid to the 40th anniversary of the signing of the United Nations Charter in San Francisco on June 26, 1945. If so, this would be a misjudgment of history, for if the UN has "failed" as many people suppose, the fault lies with its member nations — particularly with its five principal "veto powers" — and not with the principles of its Charter.

The tragedy of these 40 years is simply that the nations have not been faithful to the principles of the Charter they signed in San Francisco. Maybe the Charter expected too much, but the signatories committed themselves in a solemn treaty to do certain things worth remembering:

"To practice tolerance and live together in peace with one another as good neighbors. . . . and to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression. . . ."

All this, of course, has been violated, like the vows of a marriage, and after 40 years of violation, the principles are even being mocked by self-styled

realists as the illusions of dreamers. But there is nothing wrong with dreaming, with a gun on the night table, and keeping alive the hopes and promises of better days.

It may be that the greatest danger at the beginning of 1985 is the growing conviction that reconciliation among the nations, the races and the diverse political, economic and religious ideologies is unattainable and maybe even impossible.

History does not support an assumption of endless conflict. The French and the Germans have composed their ancient enmities. We Americans have forgotten to "Remember Pearl Harbor" as President Roosevelt advised us to do.

The religious wars went on for centuries on the contested theory that there was only one road to eternal life, but even these conflicts were finally composed when the balance of power finally led to compromise and the spirit of toleration.

At the turn of the New Year, the United States and the Soviet Union are, in a way, at another fork in the road, where, as the poet Robert Frost once said, the road taken and the road not taken make all the difference.

Anniversaries as symbols have their uses. Whoever divided time into years seemed to know that we all need a pause for reflection about where we have been and where we are going, and nobody needs such a pause at the beginning of the New Year more than the old men who now preside over the Kremlin and the White House.

The New York Times.

Among the 'Contras,' a Growing Sense of Betrayal

By Lucia Annunziata

PANAMA CITY — Sometimes in Central America, you wonder who hates the Americans more — their allies or their enemies. It does not matter whether you agree with U.S. policy in the region — I certainly do not — but you cannot help observing that the Americans are often as disliked by their allies as by their adversaries.

The growing bitterness felt among the "contras" fighting on the border between Nicaragua and Honduras is a case in point. It is a lesson the U.S. Congress should consider carefully in the coming weeks, whether or not it decides to renew the aid to the contras suspended in May.

Consider what happened to Edgar Chamorro, a former official spokesman for the Nicaraguan Democratic Force. On Nov. 24, he was unceremoniously dismissed from his post after he criticized the manual on psychological guerrilla operations distributed among the contras by the Central Intelligence Agency. When I met him in Miami that day, he spoke very harshly about his former "best friends," the Americans: "We had a marriage. We all knew it was a marriage of convenience. Yet now they treat us like a prostitute."

Mr. Chamorro's repudiation of the CIA manual put him at odds with his fellow insurgents. But when he talks more generally of his disillusionment with the United States, he seems to voice an increasingly widespread feeling of betrayal.

Above all, he is bitter that the United States did not invade Nicaragua and "didn't really want to establish the contras" there. Nor does he see any prospect of change: "They won't leave us completely without money. They may channel it through private aid. But they won't do enough to allow us to win."

The past few months have seen a frantic quest by the contras for money and new allies. Some of them, such as the Miskito Indian leader Brooklyn Rivera, tried and failed to negotiate a settlement with the Sandinistas. Others, such as the former businessman Alfonso Robelo Callejas, looked to the Socialist International and sympathetic Latin American neighbors for aid. Meanwhile, Costa Rica and Honduras have followed Washington's lead, distancing themselves from their former contra protégés.

Some people in the United States may find this encouraging — the end, at last, of their country's ill-conceived covert war. In reality, this is not the end but the beginning of a new problem. The Americans have abandoned the contras not only without money, but more importantly, without any political prospects.

Even when its support for the contras was strongest, the United States continued to maintain diplomatic relations with Nicaragua. Representatives from the two countries have been meeting regularly in Manzanillo, Mexico, for months, apparently discussing prospects for peace. Meanwhile, Washington is said to be pleased by the contras' operations: taking a single town, from the American point of view they have been a

useful means of putting pressure on the Sandinistas.

The snag is that the contras themselves have a much more ambitious goal, and there is no way to bridge the gap between their hopes and the task assigned them by Washington. As Mr. Chamorro noted: "The Americans built up the contras officially to stop the flow of weapons from Nicaragua to El Salvador. Privately, they promised us on many different occasions that they were helping us to overthrow the Nicaraguan government. With time, it became very clear that they weren't working toward either of these goals."

The problem today is that the contra opposition is no longer merely an

American creation — and it is determined to survive even in spite of an American change of mind.

If Congress chooses, wisely, not to renew its aid, it will in effect hand the contras over to someone else — Honduras, Israel, CIA subcontractors or "private" organizations in the United States. It hardly matters. None of these approaches will solve the problem Washington has created along the borders of Nicaragua — the problem posed by this homeless army, without a plausible goal or effective control, this new force for destabilization in Central America.

The writer reports from Central America for the Italian daily newspaper *La Repubblica*. She contributed this column to *The New York Times*.

LETTERS TO THE EDITOR

There Is a Norway

Contrary to often popular myth, Norway is not Sweden, but is a country of its own, lying to the west and south of Sweden. Thus the caption under the photograph of Liv Ullmann in your Dec. 21 edition reveals the need for a geography lesson for those responsible.

EDWARD NAHEM.
Oslo.

Hunger and Politics

Your Dec. 19 opinion item by Cameron Duodu, writing in *The Observer*, was captioned "Technology to Feed Africa." But the main constraint is not technology, it is politics. Starvation in Ethiopia and the other Sahelian drought countries could have been avoided using simple and

well-known technologies which, however, are not popular with centralized bureaucracies.

Such bureaucracies like monuments: big dams, major canals and giant pumping stations rather than minor works such as terraces, small dams and small pumps, which can be largely built and operated by the peasant villagers themselves.

The monumental works are expensive, and, where constructed, as in Nigeria and Mali, have fallen far short of expectations, at least in terms of food production.

The minor works, where local-villager initiative has been mobilized, have been much more successful. An outstanding example is the Punjab region in India and Pakistan where minor works have provided the main basis of a "Green Revolution."

Known, established technology

Office Pool: Questions For 1985

By William Safire

WASHINGTON — Here, for the high rollers of punditry, is the office pool in Cassandra's Casino. Nobody ever gets more than four correct, but when you hit on a big one, all the predictions that went awry are washed away.

1. The White House chief of staff at the end of 1985 will be (a) James Baker; (b) Michael Deaver; (c) Richard Darman; (d) Robert McFarlane; (e) William Clark.

2. The juiciest political scandal of 1985 will involve (a) illegal eavesdropping; (b) money under the table; (c) leak-plugging; (d) sexual favoritism.

3. The real increase in defense-budget authorization will wind up (a) 7 percent or more, as President Reagan seeks; (b) a compromise between 4 percent and 6 percent; (c) less than 4 percent for the first time since the Carter administration.

4. The constitutional amendment that will pass is the one (a) for a balanced budget; (b) for school prayer; (c) against abortion; (d) none.

5. The Reagan administration will succeed in getting (a) funding for "contras"; (b) substantial tax simplification; (c) a big cut in Medicare costs; (d) funding for the MX missile; (e) none of these.

6. The economy will be (a) recovering from recession; (b) headed into recession; (c) recession-free.

7. Mr. Reagan's most controversial decision will involve (a) the commitment of U.S. troops abroad; (b) a powerful response to a terrorist attack; (c) international restraint that will be attacked as a failure of nerve; (d) hanging tough for an assistant who let him down.

8. The biggest letdown of the year will be (a) heart-transplant surgery; (b) Halley's comet; (c) Wall Street; (d) Boston College's Doug Flutie.

9. The Democratic leading as a 1988 presidential nominee in the early survey of party officials will be (a) Gary Hart; (b) Edward Kennedy; (c) Mario Cuomo; (d) Joseph Biden; (e) Bill Bradley.

10. Israel will (a) have a new government; (b) adopt the austerity-free market ideas that will trigger large-scale U.S. aid; (c) neither; (d) be the focus in the administration that will emerge as predominant will be (a) Weinberger-Carlson-Casper-Kirkpatrick; (b) Shultz-Baker-Baldrige-McFarlane; (c) Mike Deaver and Nancy Reagan; (d) the standoff among the three will continue.

12. The Strategic Defense Initiative (a) will still be hoisted as "star wars" and will not be funded; (b) will be used as a bargaining chip to reduce Soviet land-based missile advantages; (c) will be the centerpiece of U.S. defense planning.

13. The Soviet leader at year's end will be (a) Konstantin Chernenko; (b) Mikhail Gorbachev; (c) Grigori Romanov; (d) Viktor Grishin; (e) Nikolai Ogarkov.

14. China will (a) reach a surprise agreement with Taiwan; (b) dispense with chopsticks; (c) have a rapprochement with the Russians; (d) continue on the capitalist road; (e) have this decade's upheaval.

15. The new justice of the Supreme Court will be (a) Paul Laxalt; (b) Robert Bork; (c) Antonin Scalia; (d) William Clark.

16. The price of a barrel of oil at year's end will be (a) unchanged from the current level; (b) between \$25 and \$32; (c) below \$22.

17. The most significant book to be published in the coming year will be (a) David McCullough's biography of Harry Truman; (b) Dominique LaPierre's book about Calcutta; (c) Arianna Stassinopoulos's biography of Picasso; (d) the first volume of Frederic Cassidy's Dictionary of American Regional English.

18. Replacing Paul Volcker at the Federal Reserve will be (a) Alan Greenspan, continuing anti-inflation policy; (b) Preston Martin, modified supply-side policy; (c) Walter Wriston, expansionist policy; (d) nobody — Mr. Volcker will not quit.

19. The ally to give the United States the most trouble will be (a) Japan, refusing to lower trade barriers; (b) Spain, pulling out of the North Atlantic Treaty Organization; (c) West Germany, turning Green; (d) Mexico, dumping its citizens across the U.S. border; (e) Pakistan, developing the Islamic Bomb.

20. Leading the polls of registered Republicans for 1988 presidential nominees at year's end will be (a) George Bush; (b) Bob Dole; (c) Howard Baker; (d) Jeanne Kirkpatrick; (e) Jack Kemp.

My own choices, betting on many longshots, are: a, c, b, d, b, a, b, c, d, d, c, e, b, c, d, b, a, a. (That should be hard to read.) Next year, when you send them those "And you call yourself a pundit!" cards, be sure to include your own selections: If you don't play, you can't win.

The New York Times.

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SCIENCE

IN BRIEF

Device Aids Underwater Explorers

WOODS HOLE, Massachusetts (NYT) — In tests off shore in California's Santa Barbara Basin, researchers have demonstrated that a "body diver" — the underwater counterpart of a spacesuit — can enable divers to descend 2,000 feet below the surface, yet remain relatively unobtrusive to the marine life being observed.

"It's amazing how much we've already learned," said Dr. G. Richard Harrison of the Woods Hole Oceanographic Institution after taking part in the tests. He specializes in gelatinous marine organisms that are rarely, if ever, brought up intact by nets.

According to Woods Hole, the device, known as a Wasp, will open to observation "the abundant life few have seen or studied in the field." The Wasp must be tethered to a surface ship, but carries its own life support system, providing an environment with normal air pressure. Using foot pedals and other devices, the diver can control its articulated arms with claws at the ends for specimen collection. A Plexiglas dome enables the occupant to look in almost all directions.

Language Is Clue to Migratory Tribe

SAN FRANCISCO (AP) — An anthropologist says he has discovered a language link between Siberian tribes and California Indians and the discovery helps show that the migratory people traveled the West Coast 3,000 years ago.

Otto von Sadowitz, a professor at California State University-Fullerton, near Los Angeles, said his evidence shows similarities in 80 percent of about 10,000 different words and forms of grammar used by two Siberian tribes and 19 tribes in California.

Professor von Sadowitz's study also traces similarities in hunting methods, weaponry, prey, mothering, marriage, magic and religion between California Indians and 23,000 Vogul- and Ostyak-speaking people in Siberia. The tribes still inhabit an area on the European side of the Ural Mountains north of the Arctic Circle, he said.

U. S. Satellite May Visit Asteroid

WASHINGTON (UPI) — The 1986 Galileo satellite mission to Jupiter will have the option of taking a side trip to examine a large asteroid, the U. S. space agency said.

The National Aeronautics and Space Administration said the flyby would take place depending on how well the Galileo mission goes.

If it is authorized, it would occur in December 1986 and the Galileo satellite's arrival at Jupiter would be delayed from August to December 1988, NASA said. The satellite would spend 22 months around Jupiter after the flyby and 20 months if it goes straight to the planet, the agency said.

New Snow Machine Uses Bacteria

DENVER (NYT) — A snow-inducing bacterium is being tested by ski resorts in Colorado to determine whether it would augment standard snow-making methods on the slopes.

The maker of a product that uses the bacterium, *Pseudomonas syringae*, says it produces more snow than standard snow-making methods and at warmer temperatures.

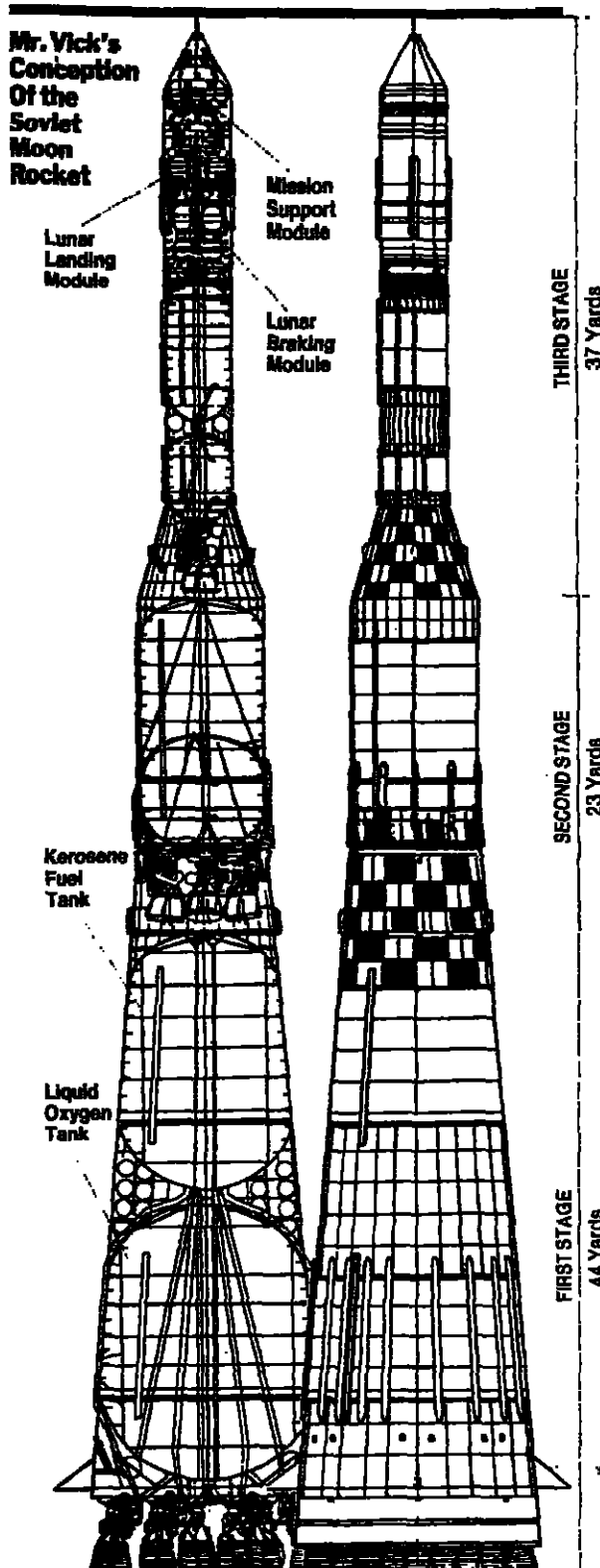
Large concentrations of the product, called Snowmax, are injected into underground snow-making pipes at a rate so that every drop of water comes out with an ice nucleus around which snow can form. Its makers believe it will prove to be vastly more efficient than the current method of using water and compressed air.

Artificial Mouth Chews for Research

MINNEAPOLIS (AP) — An artificial mouth, capable of doing a year's worth of chomping in 24 hours, will test new materials that could be used to improve false teeth, bridges, crowns and fillings in millions of real mouths, researchers say.

"It's part robotics, part computer, part biology," said Dr. William Douglas, a dentist who leads the University of Minnesota team that built the mouth. "While I'm sleeping, it's still chewing. It never gets tired, as far as we know."

Dr. Douglas said he and his colleagues are using the device to test materials — based on mixtures of resins and new ceramics — developed by dental supply companies. The materials are more natural-looking than conventional silver-based fillings and gold crowns, he said.



Space-Age Detective Tracks Soviet Secrets

By William J. Broad
New York Times Service

NEW YORK — Although he has no security clearance, no government job and no access to information gathered by American spy satellites, Charles P. Vick has become an international authority on the Russian space program. His detailed drawings of the Soviet Union's secret rockets and space shuttles have been used in congressional studies and by aerospace experts around the world.

Mr. Vick, a dapper, 38-year-old draftsman and planner for a large engineering firm near Washington, works in his spare time collecting hundreds of books, documents and photos, combing obscure public records and combining that information with intuition to produce precise technical drawings of secret Russian designs.

His skills as a space-age detective were underscored recently when the Russians provided the first complete photos of their workhorse Proton booster rocket that carried the two Vega spacecraft toward Venus and Halley's comet. The photos clearly show that Mr. Vick had correctly deduced the size and

shape of the booster rocket several years ago despite the intense secrecy surrounding it.

Mr. Vick is himself a living illustration of a point made repeatedly in recent arguments over revelations of U. S. military secrets — that a devoted individual, using public records, can often penetrate a government's veil of secrecy.

Are the Russians building a giant booster rocket to send men to Mars? Are they constructing a fleet of space shuttles? Mr. Vick knows. He recounts with fervor the history of these shadowy programs as he proudly displays drawing after drawing.

"It's important to realize how far the Soviets are and where they're going," he said in a recent interview. "Once they test these new boosters, the Soviets will have demonstrated everything to carry out a manned circumnavigation of Mars: ion propulsion, nuclear power sources, long duration life support and all the associated technologies."

DRAWINGS carrying the now familiar signature "Copyright C. P. Vick" have been published by the

Congressional Research Service, the Congressional Office of Technology Assessment, Aviation Week & Space Technology magazine, the Journal of the British Interplanetary Society, the Encyclopedia Britannica, and the Illustrated Encyclopedia of Space Technology.

"He's a sleuth," said Leonard W. David, programs manager for the National Space Institute. "Lots of information is available about the Soviet space program, but you've got to be patient to come up with it. That is Vick's great strength."

The service Mr. Vick provides the public is valuable. For years the federal government has used spy satellites to peer into the heart of the Soviet Union, but the photos are kept secret because the government does not want to reveal the power of its eyes in space. Thus, the government knows a great deal about Russian rockets, while the American public does not.

Mr. Vick attempts to fill that gap. Signs of his calling are found throughout his apartment in Gaithersburg, Maryland. There are cameras, bookshelves, drafting tools, file cabinets, aerospace magazines, models of Soviet rockets and more than 500 Russian books.

Mr. Vick started to follow the U. S. space program seriously while still in high school. He eventually became fascinated with the Russian program as well, and learned to read Russian.

HIS detective work intensified as both countries pressed the race to the moon. In the 1960s the Russians were struggling to build a large rocket known in American aerospace circles as the Type G, he recounted. It was a monster, much heavier and nearly as tall as the United States' Saturn 5 moon rocket. But it never successfully got off the ground, and blew up on more than one occasion. The Russians released no photos of it.

Hot on the trail of the rumored rocket, Mr. Vick located an obscure Russian book, published in 1977, that gave an important clue — a picture of the rocket's service tower. "I got it at a used book store," Mr. Vick said, displaying the picture of the gantry. "The individual service levels dictated tank areas, interstage areas, engine bays and so on. Your tower has a crane on the top, which defined the center line of the launch vehicle. It amounted to just fitting the rocket to the form."

Mr. Vick's drawings of the Type G booster were eventually published by the Library of Congress in a study directed by the late Dr. Charles S. Sheldon, an international

ally respected scholar on the Russian space program. "These conceptual drawings are included in the absence of anything more definitive in the open literature," the report said.

That early coup led Mr. Vick deeper into the realm of Russian rocketry, including space stations and the beginnings of a shuttle fleet. Lately he has focused on the Mars rocket, known as Type L, which appears to be the biggest rocket the Russians have ever attempted to build.

MR. VICK said satellite photos have played a role in his work, although they are publicly available ones from the Landsat spacecraft. He pulled out a large Landsat photo of the Baikonur Cosmodrome at Tyuratam, the largest and most versatile of the Russian launching sites. To the inexperienced eye it showed nothing more than a few scattered lines, but Mr. Vick pointed out what he said were roads, launching pads and buildings for vehicle assembly.

Elaborating on his analysis of the same site, Mr. Vick unveiled a second, more striking photo, about two feet on a side, taken in December 1983 by space shuttle astronauts. At its center was a tiny white dot, which Mr. Vick said was the new Russian Type L booster. "Just look at that white monster," he said.

The British journal Nature recently agreed with Mr. Vick's analysis of the photo. "From the solar elevation and the length of the shadow," the magazine said in its Oct. 18 issue, "the vehicle would appear to be more than 90 meters tall, in good agreement with Mr. Vick's speculation."

No one has yet reported a launching of the new Russian rocket. Aerospace experts say it is not unusual for a new rocket, American or Russian, to be moved on and off its launching pad months and even years before its maiden flight.

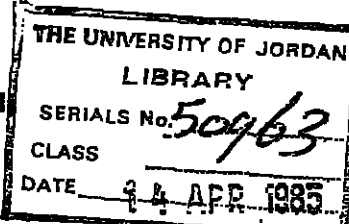
In sounding the depths of the Russian space program, Mr. Vick's detective methods are sometimes quite direct. Every May Day the Russians parade some of their smaller missiles through Red Square in Moscow. Mr. Vick said he photographs these as they flash across his television screen.

Has he ever thought about going to the Soviet Union? With a far-away look in his eyes, Mr. Vick mentioned a museum devoted to the Soviet space program near the Tyuratam launching site.

"I'd give my right arm to get in there," he said.



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Italy	Lire	216,000	108,000	58,000
Luxembourg	L. Fr.	7,300	3,650	2,000
Netherlands	FL.	450	225	124
Norway	N. Kr.	1,180	590	320
Portugal	Esc.	11,200	5,600	3,080
Spain	Ptas	17,400	8,700	4,800
Sweden	S. Kr.	1,180	590	320
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Nationality

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Company Activity

3-1-85

NYSE Most Active				
Vol.	High	Low	Last	Chg.
3000	100.00	99.50	100.00	+0.50
2500	100.00	99.50	100.00	+0.50
2000	100.00	99.50	100.00	+0.50
1500	100.00	99.50	100.00	+0.50
1000	100.00	99.50	100.00	+0.50
500	100.00	99.50	100.00	+0.50
250	100.00	99.50	100.00	+0.50
100	100.00	99.50	100.00	+0.50
50	100.00	99.50	100.00	+0.50
25	100.00	99.50	100.00	+0.50
10	100.00	99.50	100.00	+0.50
5	100.00	99.50	100.00	+0.50
2	100.00	99.50	100.00	+0.50
1	100.00	99.50	100.00	+0.50

Dow Jones Averages				
Open	High	Low	Last	Chg.
1000	100.00	99.50	100.00	+0.50
2000	100.00	99.50	100.00	+0.50
3000	100.00	99.50	100.00	+0.50
4000	100.00	99.50	100.00	+0.50
5000	100.00	99.50	100.00	+0.50
6000	100.00	99.50	100.00	+0.50
7000	100.00	99.50	100.00	+0.50
8000	100.00	99.50	100.00	+0.50
9000	100.00	99.50	100.00	+0.50
10000	100.00	99.50	100.00	+0.50

NYSE Index				
Open	High	Low	Last	Chg.
1000	100.00	99.50	100.00	+0.50
2000	100.00	99.50	100.00	+0.50
3000	100.00	99.50	100.00	+0.50
4000	100.00	99.50	100.00	+0.50
5000	100.00	99.50	100.00	+0.50
6000	100.00	99.50	100.00	+0.50
7000	100.00	99.50	100.00	+0.50
8000	100.00	99.50	100.00	+0.50
9000	100.00	99.50	100.00	+0.50
10000	100.00	99.50	100.00	+0.50

Wednesday's
NYSE
Closing

Vol. at 3 P.M. 55,540,000
Prev. 3 P.M. vol. 61,140,000
Prev. consolidated close 70,297.196

Tables include the nationwide prices up to the closing on Wall Street

AMEX Diaries				
Open	High	Low	Last	Chg.
1000	100.00	99.50	100.00	+0.50
2000	100.00	99.50	100.00	+0.50
3000	100.00	99.50	100.00	+0.50
4000	100.00	99.50	100.00	+0.50
5000	100.00	99.50	100.00	+0.50
6000	100.00	99.50	100.00	+0.50
7000	100.00	99.50	100.00	+0.50
8000	100.00	99.50	100.00	+0.50
9000	100.00	99.50	100.00	+0.50
10000	100.00	99.50	100.00	+0.50

NASDAQ Index				
Open	High	Low	Last	Chg.
1000	100.00	99.50	100.00	+0.50
2000	100.00	99.50	100.00	+0.50
3000	100.00	99.50	100.00	+0.50
4000	100.00	99.50	100.00	+0.50
5000	100.00	99.50	100.00	+0.50
6000	100.00	99.50	100.00	+0.50
7000	100.00	99.50	100.00	+0.50
8000	100.00	99.50	100.00	+0.50
9000	100.00	99.50	100.00	+0.50
10000	100.00	99.50	100.00	+0.50

AMEX Most Active				
Vol.	High	Low	Last	Chg.
3000	100.00	99.50	100.00	+0.50
2500	100.00	99.50	100.00	+0.50
2000	100.00	99.50	100.00	+0.50
1500	100.00	99.50	100.00	+0.50
1000	100.00	99.50	100.00	+0.50
500	100.00	99.50	100.00	+0.50
250	100.00	99.50	100.00	+0.50
100	100.00	99.50	100.00	+0.50
50	100.00	99.50	100.00	+0.50
25	100.00	99.50	100.00	+0.50
10	100.00	99.50	100.00	+0.50
5	100.00	99.50	100.00	+0.50
2	100.00	99.50	100.00	+0.50
1	100.00	99.50	100.00	+0.50

12 Month	High	Low	Stock	Div.	Yld.	PE	Stk.	100s	High	Low	Close	Chg.
1000	100.00	99.50	100.00	+0.50								
2000	100.00	99.50	100.00	+0.50								
3000	100.00	99.50	100.00	+0.50								
4000	100.00	99.50	100.00	+0.50								
5000	100.00	99.50	100.00	+0.50								
6000	100.00	99.50	100.00	+0.50								
7000	100.00	99.50	100.00	+0.50								
8000	100.00	99.50	100.00	+0.50								
9000	100.00	99.50	100.00	+0.50								
10000	100.00	99.50	100.00	+0.50								

NYSE Fears Increase in Rates

United Press International
NEW YORK — A retreat on Wall Street picked up speed late Wednesday, with oil, autos and technology issues all headed lower.

The Dow Jones industrial average was down 13.91 to 1,197.66 an hour before the close. The Dow had gained 7.40 Monday in the last session of 1984.

Declines led advances 908-591 among the 1,916 issues traded.

The five-hour Big Board volume was about 54.9 million shares, compared with 66.1 million in the like period Monday.

Although prices in tables on these pages are from the 4 P.M. close in New York, for time reasons this article is based on the market at 3 P.M.

Prices were mixed in moderate trading of American Stock Exchange issues.

As the new year began, a survey of economists showed many expecting interest rates to increase as the economy rebounds. They said there may be further small declines before the rates take an upward path.

Many analysts linked the stock market performance of 1984 to worries about interest rates. As rates came down in the second half of the year, the market attempted to rally on several occasions but there was no follow-through.

Monday, Banker's Trust Co. in New York raised its broker loan rate from 9 1/4 percent to 10 percent. The federal funds rate on loans of reserves between banks was 9 percent at midday.

George Pirone of Dreyfus Corp. said the first session of the new year represented "more an absence of buyers" than any heavy selling. He said Monday's rise was due to some artificial factors including index program operations by professionals.

Northern Indiana Public Service was off a fraction in active trading. A block of 200,000 shares crossed the tape at 11 1/4.

Actively traded AT&T was lower at mid-session.

Phillips Petroleum was near the top of the active list and lower. Several other oil issues were showing losses at midday, including Mobil, Unocal, Indiana Standard, Ohio Standard, Sun Co., Exxon and Chevron.

Piedmont Aviation was sharply lower at midday after reports that a brokerage house took the stock off its buy list.

Hospital Corp. of America was off a fraction. The company said it signed a definitive agreement to purchase New Century Life Insurance Co. from E.F. Hutton Group Inc.

General Motors, Ford and Chrysler were all lower at mid-session. Chrysler said it will upgrade and automate stamping plants in Michigan and Ohio at a cost of \$120 million.

Coleco Industries Inc. gained after it announced it would stop making the Adam home computer. Coleco said it sold the entire Adam inventory to an unidentified retailer. Analysts apparently were pleased the company would be able to concentrate on its successful Cabbage Patch doll business.

Bellweather IBM was lower at mid-session. Digital Equipment, Burroughs, Honeywell, Data General and Texas Instruments had losses.

12 Month	High	Low	Stock	Div.	Yld.	PE	Stk.	100s	High	Low	Close	Chg.
1000	100.00	99.50	100.00	+0.50								
2000	100.00	99.50	100.00	+0.50								
3000	100.00	99.50	100.00	+0.50								
4000	100.00	99.50	100.00	+0.50								
5000	100.00	99.50	100.00	+0.50								
6000	100.00	99.50	100.00	+0.50								
7000	100.00	99.50	100.00	+0.50								
8000	100.00	99.50	100.00	+0.50								
9000	100.00	99.50	100.00	+0.50								
10000	100.00	99.50	100.00	+0.50								

To Our Readers

The International Herald Tribune is seeking to improve the quality of its statistical package. In so doing, we are making changes in some items. We welcome readers' comments.

12 Month	High	Low	Stock	Div.	Yld.	PE	Stk.	100s	High	Low	Close	Chg.
1000	100.00	99.50	100.00	+0.50								
2000	100.00	99.50	100.00	+0.50								
3000	100.00	99.50	100.00	+0.50								
4000	100.00	99.50	100.00	+0.50								
5000	100.00	99.50	100.00	+0.50								
6000	100.00	99.50	100.00	+0.50								
7000	100.00	99.50	100.00	+0.50								
8000	100.00	99.50	100.00	+0.50								
9000	100.00	99.50	100.00	+0.50								
10000	100.00	99.50	100.00	+0.50								

Standard & Poors Index

High	Low	Close	Prev.
1000	100.00	99.50	100.00
2000	100.00	99.50	100.00
3000	100.00	99.50	100.00
4000	100.00	99.50	100.00
5000	100.00	99.50	100.00
6000	100.00	99.50	100.00
7000	100.00	99.50	100.00
8000	100.00	99.50	100.00
9000	100.00	99.50	100.00
10000	100.00	99.50	100.00

12 Month	High	Low	Stock	Div.	Yld.	PE	Stk.	100s	High	Low	Close	Chg.
1000	100.00	99.50	100.00	+0.50								
2000	100.00	99.50	100.00	+0.50								
3000	100.00	99.50	100.00	+0.50								
4000	100.00	99.50	100.00	+0.50								
5000	100.00	99.50	100.00	+0.50								
6000	100.00	99.50	100.00	+0.50								
7000	100.00	99.50	100.00	+0.50								
8000	100.00	99.50	100.00	+0.50								
9000	100.00	99.50	100.00	+0.50								
10000	100.00	99.50	100.00	+0.50								

AMEX Stock Index

High	Low	Close	Prev.
1000	100.00	99.50	100.00
2000	100.00	99.50	100.00
3000	100.00	99.50	100.00
4000	100.00	99.50	100.00
5000	100.00	99.50	100.00
6000	100.00	99.50	100.00
7000	100.00	99.50	100.00
8000	100.00	99.50	100.00
9000	100.00	99.50	100.00
10000	100.00	99.50	100.00



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1000	100.00	99.50	100.00	+0.50								
2000	100.00	99.50	100.00	+0.50								
3000	100.00	99.50	100.00	+0.50								
4000	100.00	99.50	100.00	+0.50								
5000	100.00	99.50	100.00	+0.50								
6000	100.00	99.50	100.00	+0.50								
7000	100.00	99.50	100.00	+0.50								
8000	100.00	99.50	100.00	+0.50								
9000	100.00	99.50	100.00	+0.50								
10000	100.00	99.50	100.00	+0.50								

(Continued on Page 8)

WALL STREET WATCH

Feeling Grows That Stocks Will Score Big Gains in '85

By EDWARD ROHRBACH
International Herald Tribune

ARISING chorus of top market analysts is predicting a big advance for stocks beginning early this year. The "key factor" behind the burgeoning optimism, says Edward M. Kerschner, chairman of Paine Webber's investment-policy committee, has been the decline in interest rates.

"They've fallen quicker and farther than most investors believed likely," he pointed out. "Moreover, evidence of renewed economic growth has relieved investor concerns about the possibility of a 1983 recession."

The firm has been neutral and cautious towards Wall Street for a year and a half, but with these new elements, he declared, "The underpinnings for the next up-leg of the bull market are now in place."

Paine-Webber thinks current fundamentals are better than before the 1982 bull market.

Current Paine Webber studies show an 85 percent probability of stocks outperforming cash and a 47 percent probability of stocks outperforming bonds this year.

"This is a more positive outlook for the stock market than prior to the 1982 bull market," Mr. Kerschner asserted. On Aug. 12, 1982, the beginning of the last bull market, the firm's studies showed the same 85 percent probability of stocks outperforming cash, but less than a 40 percent likelihood of stocks outperforming bonds, he said.

While Mr. Kerschner sees the present interest rate picture paralleling mid-1982, he does not anticipate that it will ignite the same kind of explosive rally. "I see a non-event type of upswing, driven by value, with the averages advancing to new highs before the year is out," he said. "Investors will look back next fall and say, 'I should have bought stocks last New Year's.'"

Fifteen stocks selected by Paine Webber to outperform the market in 1985 are Advanced Micro Devices, Browning-Ferris, Citicorp, General Electric, Hartmann, K mart, Rhine-Salomon, United Technologies, Aetna, Chase Manhattan, First Interstate, General Mills, IBM, McGraw-Hill and Royal Dutch/Shell.

Rated "unattractive" and to be avoided, the company says, are Alcoa, Armstrong World, Caterpillar Tractor, Cincinnati Milacron, Cross & Trecker, Du Pont, Genuine Parts, Ryan Homes and U.S. Steel.

Drexel Burnham is also taking a more upbeat view of stocks. The firm's director of research, Burton M. Siegel, and the firm's Abby Joseph Cohen, cite several positive factors, led by "good value in the stock market relative to bonds." They also see evidence of "overdone fears and oversold sectors in the stock market," plus "signs that the economic slowdown had troughed and is being reversed."

Finally, there is the so-called January effect, they say. "It's not unusual for the market to rally following December portfolio pruning," they say. "The current undervaluation of high-volatility and small-market-capitalization stocks could lead to a noticeable January move since these are areas that often perform best early in the year. All in all, we see factors falling into place for a strong equity market."

Stocks on Drexel Burnham's "priority list" are Intel, R.H. Macy, Harris Corp., AMP Inc., Student Loan Marketing Association and General Electric.

Kidder Peabody's director of quantitative analysis, Robert L. Hagin, also likes the relative attractiveness now of stocks to

(Continued on Page 9)

Currency Rates

Late interbank rates on Jan. 2, excluding fees.

Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 2 P.M.

	Amsterdam	Brussels	Frankfurt	Milan	Paris	New York
Dollar	3.5825	4.92	172.85	3.607	173.85	100.00
DM	0.28	0.20	0.0058	0.28	0.20	0.0058
Yen	3.78	264.7	324.55	3.78	264.7	324.55
Swiss	1.485	1.485	1.485	1.485	1.485	1.485
Italian	1.936	1.936	1.936	1.936	1.936	1.936
Spanish	166.64	166.64	166.64	166.64	166.64	166.64
Portuguese	200.48	200.48	200.48	200.48	200.48	200.48
Belgian	33.33	33.33	33.33	33.33	33.33	33.33
Dutch	2.36	2.36	2.36	2.36	2.36	2.36
French	6.55	6.55	6.55	6.55	6.55	6.55
German	1.936	1.936	1.936	1.936	1.936	1.936
Japanese	3.78	3.78	3.78	3.78	3.78	3.78
Swedish	1.485	1.485	1.485	1.485	1.485	1.485
Norwegian	1.485	1.485	1.485	1.485	1.485	1.485
British	1.936	1.936	1.936	1.936	1.936	1.936
Australian	1.936	1.936	1.936	1.936	1.936	1.936
Canadian	1.936	1.936	1.936	1.936	1.936	1.936
Israeli	1.936	1.936	1.936	1.936	1.936	1.936
Indian	1.936	1.936	1.936	1.936	1.936	1.936
Pakistani	1.936	1.936	1.936	1.936	1.936	1.936
Sri Lankan	1.936	1.936	1.936	1.936	1.936	1.936
Singaporean	1.936	1.936	1.936	1.936	1.936	1.936
Taiwanese	1.936	1.936	1.936	1.936	1.936	1.936
Thai	1.936	1.936	1.936	1.936	1.936	1.936
Malaysian	1.936	1.936	1.936	1.936	1.936	1.936
Indonesian	1.936	1.936	1.936	1.936	1.936	1.936
Philippine	1.936	1.936	1.936	1.936	1.936	1.936
Singaporean	1.936	1.936	1.936	1.936	1.936	1.936
Taiwanese	1.936	1.936	1.936	1.936	1.936	1.936
Thai	1.936	1.936	1.936	1.936	1.936	1.936
Malaysian	1.936	1.936	1.936	1.936	1.936	1.936
Indonesian	1.936	1.936	1.936	1.936	1.936	1.936
Philippine	1.936	1.936	1.936	1.936	1.936	1.936

Dollar Values

	Amsterdam	Brussels	Frankfurt	Milan	Paris	New York
Dollar	3.5825	4.92	172.85	3.607	173.85	100.00
DM	0.28	0.20	0.0058	0.28	0.20	0.0058
Yen	3.78	264.7	324.55	3.78	264.7	324.55
Swiss	1.485	1.485	1.485	1.485	1.485	1.485
Italian	1.936	1.936	1.936	1.936	1.936	1.936
Spanish	166.64	166.64	166.64	166.64	166.64	166.64
Portuguese	200.48	200.48	200.48	200.48	200.48	200.48
Belgian	33.33	33.33	33.33	33.33	33.33	33.33
Dutch	2.36	2.36	2.36	2.36	2.36	2.36
French	6.55	6.55	6.55	6.55	6.55	6.55
German	1.936	1.936	1.936	1.936	1.936	1.936
Japanese	3.78	3.78	3.78	3.78	3.78	3.78
Swedish	1.485	1.485	1.485	1.485	1.485	1.485
Norwegian	1.485	1.485	1.485	1.485	1.485	1.485
British	1.936	1.936	1.936	1.936	1.936	1.936
Australian	1.936	1.936	1.936	1.936	1.936	1.936
Canadian	1.936	1.936	1.936	1.936	1.936	1.936
Israeli	1.936	1.936	1.936	1.936	1.936	1.936
Indian	1.936	1.936	1.936	1.936	1.936	1.936
Pakistani	1.936	1.936	1.936	1.936	1.936	1.936
Sri Lankan	1.936	1.936	1.936	1.936	1.936	1.936
Singaporean	1.936	1.936	1.936	1.936	1.936	1.936
Taiwanese	1.936	1.936	1.936	1.936	1.936	1.936
Thai	1.936	1.936	1.936	1.936	1.936	1.936
Malaysian	1.936	1.936	1.936	1.936	1.936	1.936
Indonesian	1.936	1.936	1.936	1.936	1.936	1.936
Philippine	1.936	1.936	1.936	1.936	1.936	1.936

Interest Rates

	Amsterdam	Brussels	Frankfurt	Milan	Paris	New York
Dollar	3.5825	4.92	172.85	3.607	173.85	100.00
DM	0.28	0.20	0.0058	0.28	0.20	0.0058
Yen	3.78	264.7	324.55	3.78	264.7	324.55
Swiss	1.485	1.485	1.485	1.485	1.485	1.485
Italian	1.936	1.936	1.936	1.936	1.936	1.936
Spanish	166.64	166.64	166.64	166.64	166.64	166.64
Portuguese	200.48	200.48	200.48	200.48	200.48	200.48
Belgian	33.33	33.33	33.33	33.33	33.33	33.33
Dutch	2.36	2.36	2.36	2.36	2.36	2.36
French	6.55	6.55	6.55	6.55	6.55	6.55
German	1.936	1.936	1.936	1.936	1.936	1.936
Japanese	3.78	3.78	3.78	3.78	3.78	3.78
Swedish	1.485	1.485	1.485	1.485	1.485	1.485
Norwegian	1.485	1.485	1.485	1.485	1.485	1.485
British	1.936	1.936	1.936	1.936	1.936	1.936
Australian	1.936	1.936	1.936	1.936	1.936	1.936
Canadian	1.936	1.936	1.936	1.936	1.936	1.936
Israeli	1.936	1.936	1.936	1.936	1.936	1.936
Indian	1.936	1.936	1.936	1.936	1.936	1.936
Pakistani	1.936	1.936	1.936	1.936	1.936	1.936
Sri Lankan	1.936	1.936	1.936	1.936	1.936	1.936
Singaporean	1.936	1.936	1.936	1.936	1.936	1.936
Taiwanese	1.936	1.936	1.936	1.936	1.936	1.936
Thai	1.936	1.936	1.936	1.936	1.936	1.936
Malaysian	1.936	1.936	1.936	1.936	1.936	1.936
Indonesian	1.936	1.936	1.936	1.936	1.936	1.936
Philippine	1.936	1.936	1.936	1.936	1.936	1.936

Key Money Rates

	Amsterdam	Brussels	Frankfurt	Milan	Paris	New York
Dollar	3.5825	4.92	172.85	3.607	173.85	100.00
DM	0.28	0.20	0.0058	0.28	0.20	0.0058
Yen	3.78	264.7	324.55	3.78	264.7	324.55
Swiss	1.485	1.485	1.485	1.485	1.485	1.485
Italian	1.936	1.936	1.936	1.936	1.936	1.936
Spanish	166.64	166.64	166.64	166.64	166.64	166.64
Portuguese	200.48	200.48	200.48	200.48	200.48	200.48
Belgian	33.33	33.33	33.33	33.33	33.33	33.33
Dutch	2.36	2.36	2.36	2.36	2.36	2.36
French	6.55	6.55	6.55	6.55	6.55	6.55
German	1.936	1.936	1.936	1.936	1.936	1.936
Japanese	3.78	3.78	3.78	3.78	3.78	3.78
Swedish	1.485	1.485	1.485	1.485	1.485	1.485
Norwegian	1.485	1.485	1.485	1.485	1.485	1.485
British	1.936	1.936	1.936	1.936	1.936	1.936
Australian	1.936	1.936	1.936	1.936	1.936	1.936
Canadian	1.936	1.936	1.936	1.936	1.936	1.936
Israeli	1.936	1.936	1.936	1.936	1.936	1.936
Indian	1.936	1.936	1.936	1.936	1.936	1.936
Pakistani	1.936	1.936	1.936	1.936	1.936	1.936
Sri Lankan	1.936	1.936	1.936	1.936	1.936	1.936
Singaporean	1.936	1.936	1.936	1.936	1.936	1.936
Taiwanese	1.936	1.936	1.936	1.936	1.936	1.936
Thai	1.936	1.936	1.936	1.936	1.936	1.936
Malaysian	1.936	1.936	1.936	1.936	1.936	1.936
Indonesian	1.936	1.936	1.936	1.936	1.936	1.936
Philippine	1.936	1.936	1.936	1.936	1.936	1.936

Asian Dollar Rates

	Amsterdam	Brussels	Frankfurt	Milan	Paris	New York
Dollar	3.5825	4.92	172.85	3.607	173.85	100.00
DM	0.28	0.20	0.0058	0.28	0.20	0.0058
Yen	3.78	264.7	324.55	3.78	264.7	324.55
Swiss	1.485	1.485	1.485	1.485	1.485	1.485
Italian	1.936	1.936	1.936	1.936	1.936	1.936
Spanish	166.64	166.64	166.64	166.64	166.64	166.64
Portuguese	200.48	200.48	200.48	200.48	200.48	200.48
Belgian	33.33	33.33	33.33	33.33	33.33	33.33
Dutch	2.36	2.36	2.36	2.36	2.36	2.36
French	6.55	6.55	6.55	6.55	6.55	6.55
German	1.936	1.936	1.936	1.936	1.936	1.936
Japanese	3.78	3.78	3.78	3.78	3.78	3.78
Swedish	1.485	1.485	1.485	1.485	1.485	1.485
Norwegian	1.485	1.485	1.485	1.485	1.485	1.485
British	1.936	1.936	1.936	1.936	1.936	1.936
Australian	1.936	1.936	1.936	1.936	1.936	1.936
Canadian	1.936	1.936	1.936	1.936	1.936	1.936
Israeli	1.936	1.936	1.936	1.936	1.936	1.936
Indian	1.936	1.936	1.936	1.936	1.936	1.936
Pakistani	1.936	1.936	1.936	1.936	1.936	1.936
Sri Lankan	1.936	1.936	1.936	1.936	1.936	1.936
Singaporean	1.936	1.936	1.936	1.936	1.936	1.936
Taiwanese	1.936	1.936	1.936	1.936	1.936	1.936
Thai	1.936	1.936	1.936	1.936	1.936	1.936
Malaysian	1.936	1.936	1.936	1.936	1.936	1.936
Indonesian	1.936	1.936	1.936	1.936	1.936	1.936
Philippine	1.936	1.936	1.936	1.936	1.936	1.936

Gold Prices

	Amsterdam	Brussels	Frankfurt	Milan	Paris	New York
Dollar	3.5825	4.92	172.85	3.607	173.85	100.00

BUSINESS ROUNDUP

Coleco, Seeing Losses, Sells Computer Supply

WEST HARTFORD, Conn. — Coleco Industries Inc. announced Wednesday that it has sold its inventory of Adam home computers and expects to report substantial losses for the fourth quarter and full year of 1984.

The inventory was sold to a retail chain, which was not named in the announcement. Coleco said it would meet its obligations to owners of Adam home computers.

Company officials said there was a significant increase in fourth-quarter sales of the Adam "as a result of price reductions and other promotional programs."

But Arnold C. Greenberg, president and chief executive officer, and Leonard E. Greenberg, chairman, said in a letter to shareholders that "current unstable conditions in the home-computer marketplace are requiring us to sell our Adam inventory at prices below cost."

The Greenbergs said they thus decided to sell the entire inventory, consisting of hardware, peripherals and software. Coleco will continue to develop and produce software programs for Adam, they said.

The size of the anticipated losses was not disclosed Wednesday.

A year ago, Coleco had a loss of \$35 million on sales of \$175 million in the fourth quarter. For all 1983, Coleco had a loss of \$7.4 million on sales of \$596.5 million.

Coleco said Wednesday that it

expects to report sales of more than \$800 million for 1984, of which more than 80 percent will be derived from its toy business. It said that unit was expected to earn more than \$100 million pre-tax for the company.

Adam, unveiled in June 1983, was designed to be a high-capability, low-priced home computer. Coleco introduced the Adam with considerable fanfare and promised to deliver 500,000 of the home computers between September and Christmas of that year.

Industry analysts praised the computer — which despite its low cost included keyboard, high-speed tape drive and memory, letter-quality printer, software and video game joystick for less than \$700 — but were skeptical of Coleco's ability to reach its goal. By December, Coleco acknowledged it could not reach its objective and only shipped about 95,000 of the units by the end of 1983.

In its 1983 annual report, Coleco acknowledged the "enormous" costs and difficulties with Adam.

Coleco began 1984 with high hopes for its computer system, especially in light of the decision by several companies to drop out of the home-computer-video game operations. It reached an agreement with Honeywell Information Systems of Newton, Massachusetts, to provide a nationwide chain of repair centers for the Adam, which

BASF to Invest \$226 Million In Coal Units

LUDEWIGSHAFEN, West Germany — BASF AG said Wednesday that it plans to invest more than 700 million Deutsche marks (\$226.8 million) in its Auguste Victoria coal mine in Marl and on the modernization of related coal operations.

A company spokesman said a new shaft at the mine will be sunk at a cost of 300 million DM, while a nearby coal-fired power station will be equipped with filter systems at a cost of 230 million DM.

In addition, it said, 200 million DM will be spent on filtration equipment for BASF's headquarters here.

The spokesman said the investment program will be carried out between mid-1985 and the end of 1989.

was reported to be prone to malfunctions.

But today, Coleco officials said "rapidly changing consumer preferences, frequent technological developments, overproduction and significant and continuing price cutting have created an unusually volatile business market which is likely to continue for the near term."

Coleco said it prefers to place its investment in its toy segment.

Saarstahl Looks For Chief After Prospect Refuses

VÖLKLINGEN, West Germany — West Germany's troubled Saarstahl steel company is searching for a new chairman following the retirement of Jürgen Krackow and the sudden refusal of the only candidate to accept the post, the company said Wednesday. Saarstahl is a subsidiary of the Luxembourg-based steel group Arbed.

A Saarstahl spokesman said Wolfgang Bernhart, a former executive of the Krackow steel group, had declined to take over as chairman of the country's most heavily subsidized industrial company. Mr. Krackow left on health grounds Dec. 31.

The spokesman said the board had not considered any other candidates and would have to start hunting for a successor.

The spokesman said Mr. Bernhart's decision was surprising because the promise of public funds assured that Saarstahl would continue operating in 1985. The European Commission last week authorized the Bonn government to provide Saarstahl with 80 million Deutsche marks (\$25 million) to cover expected operating losses for 1985.

The commission has given Bonn permission to grant subsidies of 543 million DM in addition to last week's grant. Bonn is planning total financing of 750 million DM for Saarstahl.

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Herald Tribune

Citicorp Files New Plan to Underwrite Securities

By Nancy L. Ross
 Washington Post Service

Citicorp, which has played a major role in expanding banks' powers and geographic reach, has devised yet another way to skirt a half-century-old prohibition against commercial banks underwriting securities.

If approved by the Federal Reserve Board, the Citicorp strategy could start a new round of competition in the securities industry.

Citicorp filed a request Dec. 7 with the Federal Reserve Bank of New York to permit its 2½-year-old subsidiary, Citicorp Securities Inc., to underwrite corporate bonds, commercial paper, mortgage-backed securities and municipal revenue bonds.

It based the application on a provision in the 1933 Glass-Steagall Act that allows a bank-holding company to underwrite those securities, provided that the bank does

so through a separate subsidiary and provided that underwriting of those securities is not the subsidiary's principal business.

No other bank has ever tried to take advantage of the provision, which could become the third major loophole in federal banking regulations to be utilized by Citicorp.

The big bank found a way to get into the insurance business by utilizing a South Dakota state law, and expanded its operations to five states by establishing non-bank banks despite restrictions on interstate banking. Previously, by using a law meant to save troubled savings and loan associations, Citicorp managed to get a toehold in California.

The money-center leader has asked the Fed to permit Citicorp Securities to do up to 20 percent of its business in corporate bonds, commercial paper, mortgage-related securities and municipal revenue bonds. The subsidiary's main

business would continue to be U.S. government obligations and money-market instruments — business opened to banks by Glass-Steagall.

After the New York Fed passes on the proposal, it will go to the Federal Reserve Board for a decision. Such a controversial issue is liable to be studied for quite a while.

During the last session of Congress, the Reagan administration tried unsuccessfully to promote a bill granting bank-holding companies new powers through subsidiaries. The Citicorp application differs from that proposal in two major ways. It goes beyond what the administration would have permitted to include corporate-bond underwriting, but because of the limits of the Glass-Steagall Act, would not permit the subsidiary to make those underwriting activities its principal business.

Asked if the application were a

response to Congress' inability to act — just as the non-bank and South Dakota loopholes were — a Citicorp lawyer said no. He denied that the bank was trying to exploit another legal loophole, insisting that the provision had been known for years. He conceded this was the first time it had been applied for this purpose.

In 1983, the Fed approved the acquisition of Charles Schwab & Co., a discount broker, by BankAmerica Corp. The securities industry brought suit, but BankAmerica won in the Supreme Court last January by citing the provision discovered by Citicorp — that underwriting would not be the principal business of the subsidiary.

In a related case involving Bankers Trust of New York, the high court ruled last summer that the commercial paper was a security but did not say whether Bankers Trust's operations constituted underwriting. This decision threw the bank's effort to sell commercial paper back to the Federal Reserve.

Austrian Parliament Clears Technology-Export Curb

(Continued from Page 7)

industry unhindered access to high technology.

"I hope with this ruling, even if it does not cover everything 100 percent," he said, "that we've proven we're prepared to create a legal basis that enables us to prosecute abuses."

Senior U.S. diplomats here welcomed the measures, but said Washington would study their effectiveness closely before passing judgment.

"What we are telling them is, now you have the sword," one diplomat said. "Whether you have the muscle and flesh to make it effective, we have to wait and see."

The United States has applied increasing pressure on Austria to tighten control of exports of sensitive technology. Reagan administration officials have asserted repeatedly that Austrian controls were lax and permitted the export of sensitive technology, such as powerful computers, to the Soviet bloc, where it is used for military purposes.

The Commerce Department has said that, under export regulations scheduled to take effect Jan. 16, it would refuse licenses to neutral countries such as Austria unless it approved their export controls. Officials have asserted that an informal agreement with the former government of Chancellor Bruno Kreisky early last year failed to plug leaks to the Soviet bloc.

Austria is also a major trading

partner of the Eastern bloc, and Mr. Sinowatz, who succeeded Mr. Kreisky in May 1983, has visited Moscow and East Berlin to discuss trade ties during the bloc's coming five-year plan, from 1986 to 1990. Austrian companies are seeking major contracts from Eastern bloc nations, particularly in the area of factory construction.

Mr. Gratz said the measures would enable Austrian customs officials to cooperate more closely with the United States. In recent years, U.S. officials have complained that Austrian customs officers refused to help in tracking abuses on the ground that Austrian law had not been violated.

The way was apparently paved for the legislation in September, when Mr. Sinowatz shuffled his cabinet, naming Mr. Gratz to replace Foreign Minister Erwin Lang and appointing Franz Vranitzky to replace Herbert Salcher as minister of finance.

One diplomat said the new cabinet members represent a clear shift of influence in the governing Socialist Party from the left wing loyal to Mr. Kreisky, whose policies often annoyed Washington, to the moderate wing that is more willing to cooperate with the United States.

Austrian businessmen and bankers generally supported the measure as a way to avoid tougher U.S. sanctions.

Nevertheless, the potential for differences lingers. Mr. Gratz acknowledged that the new measure did nothing to enable Austria to hinder illegal shipments of technology through Austria in sealed containers. "Here, there is nothing we can do," he said.

Stock Outlook For New Year

(Continued from Page 7)

competitive investments. He notes that the so-called equity risk premium — the difference between the expected return from Standard & Poor's 500 portfolio of stocks and 52-week Treasury bills — currently stands near 6 percent.

"This is higher than at any time since the period between Aug. 31, 1982 and May 31, 1983," he said, "when the S&P 500 appreciated 36 percent."

While the firm's investment policy committee is maintaining its bullish attitude towards stocks, Mr. Hagin comments: "Applying historical guidelines, the best time to increase one's exposure to the stock market is when one is reasonably compensated to take such risk. With the equity risk premium at 5.7 percent, now is one of those times!"

Moseley Hallgarten's investment policy committee is favorable towards Wall Street as the year begins. It sees "attractive buying opportunities among many secondary issues that are off sharply from their 1983-84 highs."

Cited are American Medical International, Decision Data, E&B Marine, Cloud, Hospital Corp. of America, National Medical Enterprises and S.A.Y. Industries.

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Dollar Surges Against Mark

(Continued from Page 7)

economy will continue to be strong in 1985.

The dealers said that Bonn's preliminary estimate of a record trade surplus in 1984 of 54.9 billion DM (about \$17.5 billion) — a widening from a previous record of 51.3 billion DM in 1982 and last year's surplus of 42.1 billion DM — failed to bolster the mark against the dollar because the record surplus had already been discounted.

A government official in Frankfurt said that West Germany's current account surplus for 1984 would approach 15 billion DM from 10.3 billion DM in 1983.

The current account is a broad measure of a nation's financial dealings that includes trade in merchandise and non-merchandise items, such as services.

One Frankfurt dealer at a U.S.-based bank said he expects the dollar to climb to 3.30 DM by the end of the first quarter this year. He said the U.S. currency would probably fall toward 3.10 thereafter, on the assumption that the differential between U.S. and West European interest rates would narrow from spreads in the money markets now of 4-5 percentage points.

Mr. Schlesinger said that despite the lowering of the U.S. discount rate by the Federal Reserve recently, he said a similar reduction of discount rates among other central banks would be a "complete misjudgment."

"Lowering of discount rates in other countries would be counterproductive for the exchange rates of European currencies," Mr. Schlesinger said.

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69-2	69-2	68-11	68-13
68-18	68-18	67-20	67-20

<p>grade copper cathodes:</p> <table> <tr> <td>Jan</td><td>1,134.00</td><td>1,137.00</td><td>1,139.50</td><td>1,140.50</td></tr> <tr> <td>Feb</td><td>1,139.00</td><td>1,142.00</td><td>1,143.50</td><td>1,145.00</td></tr> </table> <p>net cathodes:</p> <table> <tr> <td>Jan</td><td>1,138.00</td><td>1,139.00</td><td>1,139.00</td><td>1,139.00</td></tr> <tr> <td>Feb</td><td>1,142.00</td><td>1,143.00</td><td>1,143.00</td><td>1,143.00</td></tr> </table> <p>zinc:</p> <table> <tr> <td>Jan</td><td>9,975.00</td><td>9,985.00</td><td>9,985.00</td><td>9,985.00</td></tr> <tr> <td>Feb</td><td>9,985.00</td><td>9,995.00</td><td>9,995.00</td><td>9,995.00</td></tr> </table> <p>tin:</p> <table> <tr> <td>Jan</td><td>3,400.00</td><td>3,405.00</td><td>3,405.00</td><td>3,405.00</td></tr> <tr> <td>Feb</td><td>3,405.00</td><td>3,410.00</td><td>3,410.00</td><td>3,410.00</td></tr> </table> <p>nickel:</p> <table> <tr> <td>Jan</td><td>333.00</td><td>334.00</td><td>334.00</td><td>334.00</td></tr> <tr> <td>Feb</td><td>334.00</td><td>335.00</td><td>335.00</td><td>335.00</td></tr> </table> <p>vanadium:</p> <table> <tr> <td>Jan</td><td>400.00</td><td>400.00</td><td>400.00</td><td>400.00</td></tr> <tr> <td>Feb</td><td>400.00</td><td>400.00</td><td>400.00</td><td>400.00</td></tr> </table> <p>aluminum:</p> <table> <tr> <td>Jan</td><td>967.00</td><td>970.00</td><td>970.00</td><td>970.00</td></tr> <tr> <td>Feb</td><td>970.00</td><td>975.00</td><td>975.00</td><td>975.00</td></tr> </table> <p>iron:</p> <table> <tr> <td>Jan</td><td>4,175.00</td><td>4,185.00</td><td>4,185.00</td><td>4,185.00</td></tr> <tr> <td>Feb</td><td>4,185.00</td><td>4,195.00</td><td>4,195.00</td><td>4,195.00</td></tr> </table> <p>steel:</p> <table> <tr> <td>Jan</td><td>4,215.00</td><td>4,225.00</td><td>4,225.00</td><td>4,225.00</td></tr> <tr> <td>Feb</td><td>4,225.00</td><td>4,235.00</td><td>4,235.00</td><td>4,235.00</td></tr> </table>	Jan	1,134.00	1,137.00	1,139.50	1,140.50	Feb	1,139.00	1,142.00	1,143.50	1,145.00	Jan	1,138.00	1,139.00	1,139.00	1,139.00	Feb	1,142.00	1,143.00	1,143.00	1,143.00	Jan	9,975.00	9,985.00	9,985.00	9,985.00	Feb	9,985.00	9,995.00	9,995.00	9,995.00	Jan	3,400.00	3,405.00	3,405.00	3,405.00	Feb	3,405.00	3,410.00	3,410.00	3,410.00	Jan	333.00	334.00	334.00	334.00	Feb	334.00	335.00	335.00	335.00	Jan	400.00	400.00	400.00	400.00	Feb	400.00	400.00	400.00	400.00	Jan	967.00	970.00	970.00	970.00	Feb	970.00	975.00	975.00	975.00	Jan	4,175.00	4,185.00	4,185.00	4,185.00	Feb	4,185.00	4,195.00	4,195.00	4,195.00	Jan	4,215.00	4,225.00	4,225.00	4,225.00	Feb	4,225.00	4,235.00	4,235.00	4,235.00	<p>Nov</p>	1,150	1,155	1,155	1,155
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Dec	1,155	1,160	1,160	1,160																																																																																											

Volume: 3 lots of 25 tons.
Source: Reuters.

1,687 lots of 100 tons.

GOLD

Jan	320.00	320.00	320.00	320.00
Feb	320.00	320.00	320.00	320.00

Source: Reuters.

37 lots of 100 Troy oz.

SALES OF OIL AND LONDON PETROLEUM EXCHANGE (assort):

Jan	1,134.00	1,137.00	1,139.50	1,140.50
Feb	1,139.00	1,142.00	1,143.50	1,145.00

 Chicago Mercantile Exchange. W. Gorman Mark-125000 Exchange. |

Egypt, Bulgaria Renew Ties

The Associated Press

VIENNA — Egypt and Bulgaria have resumed formal diplomatic relations, Bulgaria's state-run BTA news agency reported Wednesday. Their relations were broken off in 1978.

37 lots of 100 Troy oz.

SALES OF OIL AND LONDON PETROLEUM EXCHANGE (assort):

Jan	1,134.00	1,137.00	1,139.50	1,140.50
Feb	1,139.00	1,142.00	1,143.50	1,145.00

Estimated total vol. 4,147
Cotton: Mon. vol. 2,427 open bid. 22.94
Puts: Mon. vol. 1,169 open bid. 12.175
Source: CME.

British Business Failures at Record

United Press International

LONDON — Business failures in Britain rose to a record 13,647 in 1984, up 9.5 percent from 1983, Dun & Bradstreet said Wednesday. The business-reporting firm said that bankruptcies among partnership banks and individuals rose 17.8 percent from 1983, to more than 8,000.

Retailing, the motor trade, building, engineering and textiles were the worst-hit industries, the company said. London, the southeast, the northwest and the northeast regions of the country accounted for more than 70 percent of total liquidations, it said.

Tuesdays

in the Trib.

Both bulls and bears turn to the Commodities Column.

BP 100 Index Options

Jan. 2

Chicago Board

Calls-Last	Puts-Last		
Jan	Feb	Jan	Feb
100	100	100	100
110	110	110	110
120	120	120	120
130	130	130	130
140	140	140	140
150	150	150	150
160	160	160	160
170	170	170	170
180	180	180	180
190	190	190	190
200	200	200	200
210	210	210	210
220	220	220	220
230	230	230	230
240	240	240	240
250	250	250	250
260	260	260	260
270	270	270	270
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340	340	340	340
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360	360	360	360
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400	400	400	400
410	410	410	410
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430	430	430	430
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2530	2530	2530	2530
2540	2540	2540	2540
2550	2550		

Egypt, Bulgaria Renew Ties
The Associated Press

VIENNA — Egypt and Bulgaria have resumed formal diplomatic relations, Bulgaria's state-run BTA news agency reported Wednesday. Their relations were broken off in 1978.

Strike Price	Call Settle Mar	Put Settle Jun	Sept	Price	Call Settle Jun	Put Settle Sept
30	—	—	—	8.15	—	—
31	1.04	—	—	8.20	6.62	1.25
32	1.11	1.05	—	8.25	6.67	1.25
33	0.72	0.64	1.10	8.30	1.00	1.78
34	0.77	0.68	0.63	8.35	—	—
35	0.86	0.59	0.58	8.40	—	—

Estimated total vol. 4,147
Calls: Mon. vol. 2,437 Open Int. 22,265
Puts: Mon. vol. 1,147 Open Int. 13,178

Source: CME.

Tues days

in the Trib.

Both bulls and bears turn to the

Commodities Column.

Corrigan, the New President of the New York Fed, Faces His Biggest and Most Visible Test

(Continued from Page 7)

Volcker, behind only Alan Greenspan, the economist who headed the Federal Reserve, and the former President Gerald R. Ford's Council of Economic Advisors.

But the choice of Fed chairman is a political one and many believe Mr. Reagan would be more likely to choose Preston Martin, the Fed's vice chairman, if Mr. Volcker resigns. Even if that were to happen, however, it could increase Mr. Corrigan's importance within the system, as well as the importance of the New York Fed, because Mr. Martin lacks Mr. Corrigan's intimate familiarity with the banking system and the Fed itself and would presumably have to lean on his New York colleague.

Mr. Corrigan's new post will provide him with a highly visible public platform, from which he will be able to establish his own identity. His close relationship with Mr. Volcker, which dates from the time that Mr. Volcker was president of the New York Fed and Mr. Corrigan was vice president there, has in some ways detracted from the public perception of Mr. Corrigan's own capabilities.

Bankers and even colleagues within the Fed often question if the ideas he espouses are his own or merely echoes of his mentor. Even more, they question whether Mr. Corrigan's rapid climb reflects his own abilities, or whether his friendship with Mr. Volcker has been the key element.

Indeed, many Fed watchers contend that Mr. Volcker handpicked Mr. Corrigan for the presidency of the New York Fed. That is denied by Fed officials, who insist that the bank's directors made the choice on their own. By law, however,

their choice must be approved by the Federal Reserve.

Most participants in the money markets say it is unlikely that Mr. Volcker directly chose Mr. Corrigan because that is not how the Fed works. It is a collegial atmosphere and direction usually is given very subtly. Just the knowledge among the directors of the New York bank that Mr. Volcker preferred Mr. Corrigan was probably enough to get him the job, they say.

"When Jerry Corrigan talks we always assume it's on Volcker's behalf," said one prominent New York banker. "In fact," he continued, "that was partly why Corrigan was chosen to represent Volcker in New York during the Drysdale affair. We knew if he gave us assurances we could trust them."

But people who know both men well are convinced that Mr. Corrigan is more than Mr. Volcker's mouthpiece. Some suspect that regulatory matters, for that reason, may have a bigger impact on Mr. Volcker than the reverse. But no one doubts that in any case the two men think very much alike.

Mr. Corrigan's views are laid out in long essays that he painstakingly writes, he says he puts the time and effort into those essays for "mental discipline." But the pieces are broad-gauged and philosophical, giving little if any insight as to how he would apply his theories in the real world.

They make for difficult reading, but one can feel Mr. Corrigan's personality and individuality in them—the intensity of his concentration, the complexity of his thoughts, and his compulsion to fit all issues and all questions into a unified perspective.

Partly because of the Fed's power over them, few bankers were willing to speak for the record. But in addition, most say they do not know Mr. Corrigan well, even those who at times have worked closely with him.

All praise his intelligence. "He was really an outstanding Fed president, and obviously we're sorry to lose him, but we're not surprised," said John Morrison, chairman of Norwest Corp., the biggest bank holding company in Minneapolis. "He's a very smart guy and deeply thoughtful because he has a manner of being laid back."

"Corrigan is bright," said a leading New York banker. "I don't want to paint him as the next coming, but he is a shrewd bureaucrat."

And bankers say that part of Mr. Corrigan's shrewdness is his ability to expound at length on major banking issues without indicating how he might apply those views to practical situations. For that reason, a top New York banker describes Mr. Corrigan as an "Irish mystic."

"Jerry's complex, he doesn't always appear the same to different individuals, and it depends upon the day," said a close associate at the Minneapolis Fed.

Many analysts say the timing of Mr. Corrigan's arrival at the New York Fed is fortuitous. His predecessor, Anthony M. Solomon, was an expert on international issues before becoming president in 1980, and during his tenure Mr. Solomon had to deal with the Third World debt crisis, which threatened the solvency of some of the largest banks in New York.

With that problem now under control, the central issue is turning to deregulation of the banking in-

dustry, an issue on which Mr. Corrigan is an expert.

The nation's major banks have been clamoring for new and greater powers, saying they need these if they are to earn enough to build their reserves as the regulators have been demanding. Most big New York banks, for example, are eager to expand their investment banking activities, including the underwriting of corporate stocks and bonds.

On such issues, Mr. Corrigan seldom, if ever, gives an outright "no." "I try to keep an open mind," he says. "You have to make judgments on a case-by-case basis." But when pressed, he indicated that he would be reluctant to allow banks to engage in the underwriting of corporate equities and bonds, or "exotic insurance underwriting."

Although Mr. Corrigan insists he favors giving banks greater powers, he says that deregulation by its nature increases the riskiness of the banking system. "I don't accept the blank-check version that says because something is financial in nature, banks could do it," Mr. Corrigan said.

To the incoming president, the New York Fed represents the "eyes and ears of officialdom" in the domestic and international financial markets. It is the agent for the U.S. Treasury, with central banks around the world. As its head, Mr. Corrigan will be responsible for watching over the dollar in the foreign-exchange markets and he will hold a permanent seat on the Federal Open Market Committee, the arm of the Fed that sets the nation's monetary policy. The New York bank also is the vehicle through which monetary policy is implemented, through purchases and sales of government securities.

At a recent lunch, Mr. Solomon, who had been undersecretary of the Treasury before taking over at the New York Fed, was asked in which job he had more power. He did not give a direct answer, but the implication was clear. "In Washington," he said, "you have a sense of power if you are just invited to a White House meeting, even if your view doesn't prevail. That's not real power." He continued, "you don't have that situation in the central bank."

Despite this power, Mr. Corrigan has qualities that endear him to many, and often enjoys making himself the butt of his jokes. And others pick up on it.

In wishing him goodbye, for example, the directors of the Minneapolis Fed gave Mr. Corrigan a paper-doll book. A caricature of Mr. Corrigan showed him stripped to his shorts. Among the clothes in which he could be clad was a spaghetti-stained chef's uniform to symbolize his late-night dinners at home with Mr. Volcker, and a fisherman's outfit for his outings with the chairman. And because Mr. Corrigan had to fly so often to New York, Washington, and Chicago, where he helped deal with the near failure earlier in 1984 of Continental Illinois National Bank & Trust Co., there was also a pilot's outfit.

Mr. Corrigan was so well-liked in Minneapolis that he gained the nickname, "Cuddles Corrigan." Bankers there say the locals enjoyed seeing a Connecticut Yankee, whose mother was a librarian and father a clothing salesman in Waterbury, display such enthusiasm for their part of the country, especially the farming areas of Montana, where Mr. Corrigan is said to have bought some land.

But some see another side to Mr. Corrigan's personality. Although he has many admirers within the Fed, there also are many who personally do not like him. Some complain that he does not take colleagues into his confidence, to which Mr. Corrigan replies: "I am very careful about bringing people into my confidence. I want to see the color of their eyes." But a close associate at the Minneapolis Fed said some people might not like Mr. Corrigan because he "doesn't suffer fools well."

Mr. Corrigan himself speculated that some people may misunderstand his methods of operation. "A lot of times I like to go on an intellectual fishing expedition with my associates," he said. "When I do, I don't talk much. I store it away and let it roll around."

Of course, Mr. Corrigan is not a newcomer to the New York Fed. That is where he started his career, as an economist. That was shortly after Mr. Corrigan received a doctorate from Fordham University in New York.

In 1976, a year after Mr. Volcker was named president of the New York Fed, Mr. Corrigan became group vice president in charge of management and planning. That is when he began working closely with Mr. Volcker. When Mr. Volcker was appointed chairman of the Fed in 1979, he brought Mr. Corrigan along as special assistant.

At the end of that year, Mr. Corrigan moved back to the New York Fed, where he became senior vice president. And later in 1980, he was named president of the Minneapolis Fed.

Throughout this period, however, Mr. Corrigan worked closely with Mr. Volcker. For example, immediately after the consequences

of the failure in 1982 of the Penn Square Bank of Oklahoma City became apparent, Mr. Corrigan began working with Mr. Volcker on it. Penn Square had sold more than \$2 billion in loans to banks around the country, many of which went sour, and which led to huge losses at a number of large banks, including the collapse of Seafirst Corp., the largest bank holding company in the Northwest, and the collapse of Continental Illinois National Bank & Trust Co., which had been the nation's eighth-largest commercial bank.

Not all of his endeavors have been totally successful, however. The biggest mistake that Mr. Corrigan is said to have made in dealing with major crises was in 1980, when an attempt by the Hunt brothers of Texas to corner the silver market threatened the financial system. Mr. Corrigan was instrumental in arranging a \$1.1-billion loan to help the Hunt's unload their 59 million ounces of silver. But once they got the money, they did not have to sell the metal and the Fed had no way of making them do it.

He takes his relations with his staff as seriously as he does his other dealings. Even before officially becoming head of the New York Fed, he held meetings with officials there, seeking out their views and showing an interest in their ideas.

That sort of sensitivity was shown during the Drysdale crisis as well. In a taxi returning to the New York Fed, Mr. Corrigan told a colleague that he planned to hold a meeting at the Fed to reassure the New York bankers. But Mr. Corrigan was advised that it would be awkward for Mr. Solomon if a member of the Washington staff were to take charge in New York.

Mr. Corrigan agreed, and the meeting was run by the late Ronald Gray, the No. 3 man at the New York Fed. During the meeting, Mr. Corrigan sat quietly in the back of the room.

Hong Kong's GDP Is Seen Rising 10%

Reuters

HONG KONG — The colony's gross domestic product is likely to grow by an inflation-adjusted 10 percent in 1985, Hongkong & Shanghai Banking Corp. says in its January economic report.

The administration said last month that GDP, which measures the total value of goods and services in an economy, excluding income from foreign investments, was likely to grow by between 6 percent and 7 percent in 1985 after growth of about 8 percent in 1984.

The bank said in its economic report that Hong Kong was entering 1985 with a renewed sense of confidence and optimism following the signing of a treaty with China on the territory's future after 1997.

The bank said it expects a steady increase in Hong Kong's external trade, higher real wages, moderate inflation and increased investment in plant and machinery during 1985.

Further expansion in exports is likely, but growth is not expected to match the 40 percent rise in 1984, the report said.

Wednesday's AMEX Closing

Vol. of 3 P.M. 3,046,000
Prev. A.P.M. vol. 4,594,000
Prev. consolidated close 167.00

Tables include the nationwide prices up to the close on Wall Street

12 Month	High	Low	Stock	Div.	Yld.	PE	Stk.	100% High	Low	Close	Chg.
A											
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
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74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
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74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74	74	ADI	1	2.0	19	19	54	54	54	0
74	74										

SPORTS

Huskies Defeat Sooners in Orange Bowl



Oklahoma's Buster Rhymes breaks loose for yardage.

Compiled by Our Staff From Dispatches
MIAMI — Hugh Miller lofted a 12-yard touchdown pass to Mark Pattison with 5:42 remaining and Washington scored again 54 seconds later to upset Oklahoma, 28-17, in the Orange Bowl Tuesday night and enter a bid for the national championship.

The late rally wiped out a 17-14 Oklahoma lead built on Tim Lashar's 35-yard field goal with 8:45 left. An earlier 22-yard effort by Lashar was nullified by a pair of penalties, including a bizarre 15-yard unsportsmanlike conduct call against the Sooner Schooner, a covered wagon mascot.

Rick Fenney's 6-yard touchdown run wrapped up the victory and gave Washington an 11-1 record for the season, the first time in the school's 96-year football history it has won that many games.

Washington's victory may have settled the monthlong controversy over whom is the No. 1 college team in favor of Brigham Young, at 13-0 the only unbeaten major college team. Oklahoma, which had verbally campaigned long and hard in an attempt to overtake BYU, finished with a 9-2-1 record.

But the Huskies, who have been silent partners for the most part in the war of words over who's No. 1.

wasted no time voicing their claim to the national championship.

"We're No. 1. We have my vote," Coach Don James said after the game. "I think anybody who beats a team as strong as Oklahoma deserves to be No. 1. Our kids did a tremendous job tonight."

The Sooners' coach, Barry Switzer, a leading critic of Brigham Young and its Western Athletic Conference schedule, had said earlier that he considered Nebraska, which defeated Louisiana State University, 28-10, in the Sugar Bowl Tuesday, the best team in the country.

But he changed his tune Tuesday night, saying "Washington is the best team we played and they deserve to be No. 1. They're a better football team than Brigham Young. I guarantee you."

The Sooners trailed 14-0 just 10:36 into the game but had their own comeback erased by Washington's final one.

Miller, who was benched during the regular season in favor of Paul Sisco after throwing three interceptions and losing two fumbles in the first half against Arizona, replaced Sisco on Washington's first possession of the fourth period.

That series ended with a pass to

an ineligible receiver, but Miller drove the Huskies 74 yards in seven plays after Lashar's field goal put Oklahoma in front.

The key plays were a 30-yard pass from Miller to Danny Greene on third-and-9 from the Washington 27 and a 27-yard burst by Fenney to the Oklahoma 17. Three plays later, Miller lofted a pass that Pattison grabbed near the left sideline of the end zone between cornerback Brian Hall and strong safety Sonny Brown.

There was plenty of time for Oklahoma to rally again, but Buster Rhymes bobbled the ensuing kickoff out of bounds at the two-yard line. Danny Bradley's first-down pass was tipped by defensive tackle Ron Holmes and intercepted by linebacker Joe Kelly to set up Fenney's clinching touchdown two plays later.

An interception at the Oklahoma seven-yard line by Brown killed a Washington threat early in the third quarter and the deadlock remained intact until Lashar's fourth-period field goal.

Several minutes earlier, he had kicked a 22-yarder, but Oklahoma was penalized for illegal procedure. When referee Jimmy Harper raised his arms in a preliminary signal that the field goal was good,

Oklahoma's pony-drawn Sooner Schooner, a miniature covered wagon, raced onto the field. That cost the Sooners 15 more yards for unsportsmanlike conduct and a subsequent 42-yard field goal try by Lashar was blocked by Tim Peoples.

Washington started out as though the game would be a blow-out. The Huskies stormed to a 14-0 first-period lead on Sisco's 29-yard pass to Danny Greene after a fumbled snap by Oklahoma punter Mike Winchester and a 1-yard run by Jacques Robinson.

Robinson rushed for 135 yards on 28 carries against a defense that yielded only 68.8 yards per game on the ground during the regular season.

Oklahoma overcame its early fitters and tied the score in dramatic fashion. The Sooners made it 14-7 on Bradley's 1-yard run after the second of three interceptions thrown by Sisco. And they tied the score on the final play of the first half, a stunning 61-yard pass play from Bradley to split end Derrick Shepard.

The game was played before an announced crowd of 56,294, the second smallest since 1947. The Orange Bowl holds more than 75,000. (AP, UPI)



Danny Bradley flips his way to Washington one-yard line.

USC Edges Ohio State in Rose Bowl

By Thomas C. Hayes
New York Times Service

PASADENA, California — The University of Southern California nearly frittered away an 11-point lead in the fourth quarter Tuesday, but hung on to defeat Ohio State, 20-17, in the Rose Bowl.

Tim Green threw two touchdown passes for the Trojans, and Steve Jordan kicked two 51-yard field goals as the Pac-10 Conference champion defeated the Big Ten champion for the fourth straight year and the 14th time in the last 16.

The Buckeyes, with a more balanced offense and stronger finish to their season than Southern Cal had, started the game a four-point favorite. It was Ohio State's first visit to the Rose Bowl since the Buckeyes lost to USC, 17-16, in 1980.

In addition to seeking to avenge the 1980 loss to USC, Ohio State, which won the Big Ten championship and had a 9-2 record, was hoping to even its overall record in the Rose Bowl at 6-6.

USC, after clinching the championship of the Pac-10 Conference and climbing to as high as seventh in the national rankings, finished the regular season with consecutive losses to UCLA and Notre Dame, for an 8-3 record in their second season under Ted Tollner.

Green, the Trojan quarterback who was criticized for inconsistent

play in those final two games, tossed a pair of touchdown passes in the first half Tuesday to balance Jordan's long-range kicking.

Rich Spangler, the Buckeyes' place-kicker, booted field goals of 21, 46 and 53 yards to keep the Big Ten champions in contention, 20-9, after three quarters.

Green was outplaying the Buckeyes' Mike Tomczak even though Tomczak had completed 15 of 22 passes for 197 yards by midway through the third quarter. But Tomczak gave up the ball twice to the Trojans in Buckeye territory on interceptions and a third time on a fumble.

The turnovers proved costly. Both of Green's touchdown passes, the first for three yards to Joe Cornier and the second, with 22 seconds remaining in the half, to Timmy Ware, came after interceptions.

Keith Byars, the Buckeyes' tailback who was the nation's leading rusher with a 150-yard average per game, had been frustrated by the Trojan defense after racing 50 yards on the Buckeyes' third play from scrimmage. The USC safety, Tim McDonald, who later intercepted one of Tomczak's passes, saved the touchdown by forcing Byars out of bounds at the five-yard line.

The Buckeyes stalled after Byars' run and settled for a 21-yard field goal by Spangler.

The Trojans came right back, mixing sweeps by the tailback Fred

Crutcher with swing passes by Green. Jordan's 51-yard field-goal attempt barely cleared the cross bar, but it tied the score at 3-3.

Then, plagued by poor field position throughout the rest of the half, largely on the strong punting of the Trojan's Troy Richardson, who averaged 44 yards in the half — the Buckeyes were unable to muster much of a scoring threat.

The Buckeyes punted three times and lost two interceptions and a fumble, before Spangler kicked a 46-yard field goal, after three completions by Tomczak, to leave the Buckeyes 11 points down, at 17-6, as the half ended.

Jordan's second 51-yard field goal gave USC a 20-9 lead with five minutes remaining in the third quarter. It gave Jordan six field goals from 50 yards or more out of nine attempts in his career.

But the Buckeyes didn't give up. When they scored a touchdown midway through the fourth quarter to make it 20-15, they tacked on two points with a conversion that drew them within distance of another Spangler field goal.

Sundberg Leads Nebraska Past LSU, 28-10

The Associated Press

NEW ORLEANS — Craig Sundberg passed for three touchdowns and scored another as Nebraska rallied in the second half to defeat Louisiana State, 28-10, in the 51st Sugar Bowl football game Tuesday night.

The Cornhuskers (10-2) saw its top-ranked defense battered around by the quicker Bengals in the first half before setting up two of three second-half touchdowns with pass interceptions.

"We were lucky to be in the game

the first half," Sundberg said after LSU built a 10-point lead despite having one touchdown called back and missing a chip-shot field goal.

"We were fortunate we weren't 17 down," Nebraska Coach Tom Osborne said. "I think we were ten down."

Doug DuBoise scored Nebraska's first touchdown when he scrambled 31 yards with a screen pass from Sundberg in the second quarter after LSU had taken a 10-0 lead.

Then Sundberg gave Nebraska the lead for good when he scam-

bled nine yards for a touchdown 6:46 into the third quarter.

Sundberg, who completed 10 of 15 passes for 143 yards, put the game on ice with a pair of fourth-quarter scoring shots to Todd Frain that covered 24 and 17 yards. Sundberg was voted the game's most valuable player.

LSU built its 10-0 lead on a 37-yard field goal by Ronnie Lewis and a two-yard run by Dalton Hilliard that capped a 73-yard drive in the second quarter.

The Tigers (8-3-1) reached the Nebraska one-yard line on second down in the second quarter but failed to score, with Lewis missing a 19-yard field-goal attempt, and went to the two on a second down in the third quarter when Lewis was wide left from 24 yards.

Chad Daffer, who had two interceptions, set up one Nebraska score with an eight-yard return to the LSU 33 in the third quarter, and Scott Strausburger's interception at the LSU 34 set up another Cornhusker score.

Lendl, Vilas Win Matches In Las Vegas Tennis Event

The Associated Press

LAS VEGAS, Nevada — Ivan Lendl of Czechoslovakia wore down Vitas Gerulaitis Tuesday night and won his first match in the Challenge of Champions tennis event.

Using a strong return of serve and some heavy groundstrokes, Lendl bested Gerulaitis, 6-4, 6-4, without ever being in serious trouble.

In an earlier match, Guillermo Vilas of Argentina stormed back from a one-set deficit to defeat Yannick Noah of France, 5-7, 7-6 (9-7), 6-4, in the University of Nevada-Las Vegas campus arena.

Lendl broke Gerulaitis in the seventh game of the first set and was not broken until Gerulaitis

won the sixth game of the second set to even the set 3-3. Lendl, however, broke back in the seventh game and went on to the victory.

Gerulaitis, a late substitute for Andres Gomez, who withdrew from the tournament, thought he played well without much preparation.

"I was pretty happy with the way I played," Gerulaitis said. "I really haven't played that much tennis lately. I just wish I'd known I was going to be in this tournament. I would've had a different training schedule."

On Wednesday, John McEnroe was to meet Johan Kriek, and Jimmy Connors was to face Jimmy Arias in the two remaining first-round matches.

SCOREBOARD

Basketball									
NBA Standings					Pacific Division				
EASTERN CONFERENCE					CENTRAL DIVISION				
Atlantic Division					Midwest Division				
Team	W	L	Pct.	GB	Team	W	L	Pct.	GB
Boston	26	4	.863	—	San Antonio	14	18	.438	5 1/2
Philadelphia	25	4	.864	—	Kansas City	11	16	.406	7
Washington	19	12	.613	7	L.A. Lakers	22	10	.688	—
New York	15	17	.469	11	Phoenix	17	15	.531	5
	12	23	.345	15	Portland	14	18	.438	8
WESTERN CONFERENCE					TUESDAY'S RESULTS				
Midwest Division					NBA Standings				
Team	W	L	Pct.	GB	Team	W	L	Pct.	GB
Minneapolis	26	11	.706	—	San Antonio	14	18	.438	5 1/2
Chicago	16	15	.516	5	Kansas City	11	16	.406	7
Detroit	14	17	.448	7	L.A. Lakers	22	10	.688	—
Atlanta	13	19	.406	9 1/2	Phoenix	17	15	.531	5
Indiana	9	22	.293	12	Portland	14	18	.438	8
Cleveland	6	22	.214	15 1/2	Golden State	10	20	.333	11

Hockey

NHL Standings									
Wales Conference					Campbell Conference				
Norris Division					Smythe Division				
Team	W	L	T	Pts	Team	W	L	T	Pts
Washington	22	6	7	51	Chicago	17	17	3	37
Philadelphia	21	10	5	47	St. Louis	15	15	5	35
NY Rangers	14	17	4	32	Detroit	12	19	6	30
Montreal	12	19	5	29	Atlanta	6	26	5	17
Quebec	12	19	5	29	Toronto	6	26	5	17
Calgary	12	19	5	29					
Edmonton	12	19	5	29					
Los Angeles	12	19	5	29					
Vancouver	12	19	5	29					

Transition

HOCKEY
 National Hockey League
HARTFORD — Re-elected Rick Dorn, assistant general manager, from his position of the American Hockey League.
COLLEGE
 Oklahoma — Named Jim Donnan offensive coordinator.

Flames Post 5-3 Victory Over Jets

The Associated Press

WINNIPEG, Manitoba — If the Calgary Flames improve on their 1985 debut, watch out.

The Flames, with Lanny McDonald scoring on his first shot of the new year, posted a 5-3 victory over Winnipeg Tuesday, handing the Jets their fourth straight loss.

The Flames moved past the Jets into second place in the Smythe Division of the National Hockey League, 11 points behind Edmonton.

"We're improved," Coach Bob Johnston said. "The problem is it's tough to make up ground in this division. But this was our 10th road win and we only had nine all of last year."

McDonald scored two goals, at 2:16 and 5:52 of the first period. On his first shot, he took a pass from Dan Quinn and beat goaltender Brian Hayward to the stick side. Then he stripped Dave Ba-

bych of the puck at the Winnipeg blue line and scored from the short side.

McDonald said the Smythe Division is developing several one-sided rivalries.

"Los Angeles has our number — they've beaten us three straight times. Vancouver is heating Edmonton and, fortunately, we're

picking up points on Winnipeg," he said.

"Our inability to beat teams ahead of us in the standings has been our biggest shortcoming," Winnipeg's coach, Barry Long, said after watching his team lose for the fourth time in five games against Calgary this season.

"And it's not going to get easier," he said, looking ahead to the Jets' schedule, which includes back-to-back games against the first-place Edmonton Oilers, whom the Jets have not beaten in their past 18 games.

In the only other NHL game Tuesday, Washington trounced Boston 5-1.

Sixers Win 5th With Defeat Of Blazers

The Associated Press

PORTLAND, Oregon — Billy Cunningham, the coach of the Philadelphia 76ers, can't figure out why the Portland Trail Blazers have been losing.

Tuesday night, he watched them lose to his team, 111-106.

"I haven't seen Portland play in awhile, but the way they played

NBA FOCUS

tonight, I can't imagine why they have been losing. We were lucky to get out of here with a victory."

Moses Malone, playing with five fouls, scored 12 of his 30 points in the last six minutes to preserve Philadelphia's victory.

The 76ers, winners of five straight, are 25-6 overall and 13-3 on the road. The Blazers (14-18) have lost three in a row and 10 of their last 11.

But Cunningham was impressed with his Portland counterpart, Jack Ramsey.

"I think Jack is on the verge of getting things done," Cunningham said. "I thought Portland played really well. You could look at the expressions on the faces of [Jim] Paxson and [Darnell] Valentine and you knew they were really going to play hard."

"I'm just pleased we had it in us to match them down the stretch."

"It seems that every time we needed to hold them off, somebody would give it to us," he continued.

Shrugging off a mediocre third quarter, Malone made two long baseline jumpers under pressure late in the game as Portland made a run, closing within four points with 56 seconds remaining.

Erving had 27 points for the 76ers, who led by 17 points in the first half. The Blazers closed drew to 85-81 after three quarters. For Portland, Kiki Vandeweghe had 27 points and Paxson 21 while rookie Sam Bowie grabbed 11 rebounds.

In the only other NBA game Tuesday, Washington trounced Boston 5-1.

Boston College Romps To Cotton Bowl Triumph

By Gordon S. White Jr.
New York Times Service

DALLAS — Doug Flutie had said it for days: "I want to end my college career with an exclamation mark in the Cotton Bowl."

In the first 20 minutes of Tuesday's game, Flutie, the Heisman Trophy winner, passed for three touchdowns to launch Boston College to a 45-28 victory over Houston in the 49th annual Cotton Bowl.

But Flutie had difficulties, completing only two of 14 passes in the second half and being intercepted twice. He had to call on his running backs for offensive punch, and the Eagle defense preserved the victory by shutting the Cougars down after Houston had crept to 31-28 going into the fourth quarter.

"I guess I ended it with just a regular period and not an exclamation mark," said Flutie, who completed only 13 passes in 37 attempts for 180 yards. "But that doesn't matter. We won. That is how I really wanted to end my career most of all — with a bowl victory."

The Eagles finished the season with a 10-2 record. They also achieved two Cotton Bowl records: the most scoring in a game, 45 points, and total net yardage, 541. The previous points record had been set in 1975 by Penn State, and the offensive record in 1945 by Missouri.

Jack Bicknell, the coach, said: "Doug had an O.K. game. You ask him, and you'll find he's a little frustrated. But he did so much for us so many times. From a football standpoint I'll never see anything like him again. He always made things happen. He made them happen today even though he was just a good game for him. He's human and not a superstar."

Although Flutie, the only major-league player ever to pass for more than 10,000 yards in his career, there were other heroes who helped Boston College win its first New Year's Day bowl game in 42 years.

One was Steve Strachan, fullback, who had two touchdowns, made crucial two-and-three-yard gains to keep drives going and got 91 net yards on the ground. He was named the game's most valuable player. Another was Troy Stradford, Eagles' tailback, who rushed for 196 net yards and had two touchdowns.

But without Flutie, Boston Col-

lege would not have reached the Cotton Bowl and there is little doubt that without him the Eagles would not have won this game.

Flutie's three touchdown passes matched the bowl record set by Ernie Lain of Rice in 1938. The quarterback gave the 56,522 fans early excitement as he began a 63-yard touchdown pass play on the Eagles' eighth play to Kelvin Martin.

Then he passed eight yards to Stradford for a touchdown on a fake that had the tailback all alone to the left. Flutie completed his scoring passes early in the second period on a 13-yarder to his roommate and favorite receiver, Gerard Phelan.

By halftime, after Houston had recovered enough to score two touchdowns, Boston College led, 31-14 and Flutie had 166 yards passing.

But Houston held him to 14 yards passing in the second half and one of the two interceptions the Cougars made was run back 25 yards for a touchdown.

Bill Yeoman, coach of Houston, had praise for Flutie.

"Flutie is just an excellent football player. He is an excellent, excellent quarterback, and there isn't any question about it. It was evident, though, today that there were a lot more of them than just Flutie. When it was 31-28 I was kind of encouraged."

Houston (7-5), a decided underdog, fell behind by 14-0 because of Flutie's first two scoring passes. But the Cougars bounced back as Earl Allen took the kickoff at the Houston two-yard line and ran it back 98 yards for a touchdown, the longest kickoff return in Cotton Bowl history.

But Houston erred again as Tony Thurman, the Eagles' free safety, charged to intercept a shovel pass that was actually a pitchout to a trailing back by Gerald Landry, the quarterback. The interception gave Boston the ball at the Houston 15, and moments later Kevin Snow made a 31-yard field goal for the Eagles' 17-7 lead.

In the second period, after Flutie passed to Phelan for a touchdown and Strachan scored the first of his two touchdowns, Houston finally got its veer offense working. In a seven-play drive of 64 yards, the Cougars scored from the two on a plunge by Larry Shepherd, and the conversion made the score, 31-14.

UCLA Nips Miami, 39-37, With Last-Minute Field Goal

The Associated Press

TEMPE, Arizona — John Lee's third field goal, a 22-yarder with 51 seconds left, gave UCLA a 39-37 victory over Miami Tuesday in the 14th Fiesta Bowl.

Lee's three-point capped the Bruins' third comeback of the game. UCLA trailed 21-7 early in the second period, 24-22 shortly after halftime and 37-36 after Miami's Melvin Bratton scored his second touchdown with 2:58 remaining.

The victory gave UCLA a 9-3 record, and Miami ended at 8-5.

A last minute drive by Miami, which reached the Miami 48, was thwarted when UCLA's Terry Tuomey sacked the Hurricanes' quarterback, Bernie Kosar, as he tried to pass. Kosar fumbled and the Bruins' Eric Smith recovered.

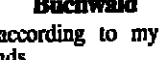
Miami had come from a 36-24 deficit on two fourth-quarter touchdowns by Bratton. Bratton,

ART BUCHWALD

Getting All Fired Up

WASHINGTON — It's been over 30 years since the Great Red-Hunter, Senator Joe McCarthy, announced that the State Department was filled with Communists, Communists, pinkos and fellow travelers.

That was in the early '50s, and things have changed. As far as the Republican right wing is concerned, we have nothing to fear from Communists in the State Department any more. The real threats to the United States today are the "moderates," who have infiltrated the president's own family.



Buchwald

It's a very serious situation according to my conservative friends.

Simon Simple, the leading right-wing columnist in the nation, told me, "Secretary George Shultz is re-shuffling the department, and purging all the hard-liners, and replacing them with moderates so he can take control of the foreign policy of the country."

"Why would a secretary of state want to do that?" I asked.

"Because he's a closet pragmatist."

"Those are strong charges," I said. "I hope you have evidence to back them up."

"I do. Shultz wants to replace one-third of Reagan's politically appointed ambassadors with foreign service professionals, and he plans to substitute six hard-line assistant secretaries with State Department experts."

"Maybe he just wants to beef up his staff."

"Here is the list. The majority of Shultz's appointees are reasonable people who would sell out the country."

10th Indian Film Festival

Agence France-Presse
NEW DELHI — Twenty-three countries have sent entries to India's 10th international film festival, which opens Thursday. A jury headed by French actress Jeanne Moreau will award the first prize.

Children's Tales of Terror and Mischief

I must not ugly faces scrawl
With charcoal on a white-wash'd wall.
Or, as from room to room I walk,
Adorn them with designs in chalk.
The things my parents bid me do,
Let me attentively pursue;
The things they bid me leave undone,
Let me essay as much to shun.

By Glenn Collins
New York Times Service

NEW YORK — The words "The Good Boy's Soliloquy," published in London in 1811, only two copies are now known to exist. "The book is a guide to children's good manners," said Gerald Gottlieb, curator of early children's books at the Pierpont Morgan Library. "It carefully illustrates many forms of mischief, in the expectation — touchingly naive — that these acts will then be avoided by the young. No doubt it was a very useful manual of mischief for any child worth his salt."

The volume represents a traditional genre in children's literature — the book of manners — and an original is displayed in an exhibition at the library called "Small Mischief: Evil Doings and Odd Disasters in Early Children's Books." The show is an extraordinary collection of rare early children's books, manuscripts and drawings.

The exhibition includes the only extant copy of the earliest surviving printed English nursery tale, "The History of Tom Thumbe the Little," published in 1621. It offers the original hand-painted manuscript of "Little Red Riding Hood," written and illustrated for the niece of Louis XIV in 1695. There is also a letter written by Beatrix Potter in 1895 to a 7-year-old, Noel Moore, in which she tells and draws a tale about "my rabbit Peter" — the humble bunny who was to become the eminent Peter Rabbit when the first of her books was published in 1901.

The elements of terror inherent in the tale of young Peter Rabbit's close call in McGregor's garden are made manifest in the exhibition, including the story of Tom Thumb, the diminutive hero who falls into a pudding and is carried away by a crow. The whole show is, in fact, a



A page from "The Good Boy's Soliloquy."

chronicle of misfortune that runs from frankishness to homicide, from near destruction to utter disaster. The subject headings in the display cabinets include "Hazardous Play," "Little Gluttons," "The Wages of Sin" and "Pure Evil."

In part, these horrors reflected the difficulty of life in previous eras "when the rates of child mortality were horrendous," said Gottlieb. The cruelty in some of the volumes also derived from a sense of humor "that was coarser, perhaps, than what we're accustomed to," he said.

"Many of the disasters that threatened children in these books were considered just retribution for misbehavior," said Mary-Parke Johnson, the assistant

curator who helped prepare the show.

"After all, they believed that there was a very limited time to save a child's soul," Gottlieb said. Children were seen as infinitely perfectible, and the notion of the protected, sheltered childhood developed relatively recently, in Victorian times.

A few nondidactic children's books, intended simply to be fun for children to read, began appearing in the early 19th century. The earliest include "Old Mother Hubbard" in 1805 and "The Butterflies Ball" in 1807.

The Morgan Library's 6,000 volumes form one of the world's greatest collections of early children's books, and the preservation problems are awesome. Many volumes show the wear of

long and much-loved use, and some still carry children's scribbles and efforts at coloring.

"These early children's books have suffered from brutality by children and disdain by adults," said Gottlieb. Early children's books are especially fragile because many were printed on inexpensive paper and are now disintegrating because of the acid used in making wood-pulp paper. The books have been mounted in climate-controlled cases that are shielded from ultraviolet light, which can hasten their deterioration.

The books were usually considered ephemera, and they were often thrown away after the children finished with them. Until relatively recently they suffered from scholarly neglect, too, because academics felt that they were beneath serious study.

Recently, however, historians have been turning to children's books to learn about everyday life in the 17th, 18th and 19th centuries. "They represent an almost invaluable window on the social and cultural history of the times," said Gottlieb, who in 1975 presented at the Morgan Library the first major exhibition of early children's books, a show that has subsequently attracted scholars from throughout the world to the collection.

For those who attend the exhibition before Jan. 14, there will be another rare treat: in the foyer of the Morgan Library, is the original autographed manuscript of Charles Dickens's "A Christmas Carol," along with original watercolors by John Leech that appeared in the 1843 first edition. Sharp-eyed visitors can observe how Dickens changed "Old Marley's Ghost" to "Marley's Ghost," and can marvel at the ability of 19th-century printers to decipher Dickens's editing corrections. But compared with the disasters portrayed in the children's book exhibition, even Bob Cratchit's terrible misfortunes seem somewhat ordinary.

The children's books will be on display until Feb. 24 at the Morgan Library, 29 East 36th Street, Tuesdays through Saturdays from 10:30 A.M. to 5 P.M., Sundays from 1 to 5 P.M. It is closed on holidays.

PEOPLE

China Fetes Panda Pals

Ten American youngsters who helped raise more than \$80,000 to save giant pandas were honored at a party in Beijing where they sang "Jingle Bells," ate chewy candies, and got panda keys and panda postcards. The celebration, which also was attended by 20 Chinese children, was part of a two-week tour arranged by the American's Chinese Wildlife Association. The Americans, aged 10 to 16 and all from the Los Angeles area, arrived in China on Dec. 22 and will leave for home Friday.

"We haven't had a single tourney to breathe, it's been so busy," 16-year-old David Kim said of the tour. "I slept through one of the banquets." The American youngsters organized a Save-the-Panda committee in July when China sent two of the rare animals, Yongyong and Yingying, to Los Angeles for the Summer Olympics. To raise money, the Americans sold Chinese-made panda pins for \$1 each at the Los Angeles Zoo. China has the world's only wild giant panda population, estimated at 1,000. The animals, known in Chinese as "da xiong mao" — big bear cats — are threatened by starvation because of a cyclical die-off of arrow bamboo, their favorite food, and by the encroachment of civilization on their range. Li Guiling, secretary general of the China Wildlife Association, said the money raised by the California youngsters will be used to buy winter clothes and food for 300 forestry workers searching Sichuan, Gansu and Yunnan provinces for starving pandas.

The runner Mary Decker, 26, and the British discus thrower Richard Slaney, 28, who carried her off the Olympic track after her stunning collision with Zola Budd during the Summer Games, were wed Tuesday in a private church ceremony at the First United Methodist Church in Eugene, Oregon. It was Decker's second marriage and Slaney's first. Decker was married for two years to marathon runner Ron Tabb before their divorce in 1983. . . . Gail L. Hodges, the White House social secretary, and Richard R. Bart, the U.S. undersecretary of state for Europe, affairs, were married in a civil ceremony at Rome's city hall Wednesday. It was the second marriage for both. The couple will skip

an extended honeymoon since Burt, 38, is flying to Washington and back to Geneva to prepare for arms control talks between the United States and the Soviet Union next week. The bride must return to Washington to prepare for the round of celebrations surrounding the inauguration of President Ronald Reagan's second term Jan. 20.

Jimmy Carter will be the first American to receive the World Methodist Peace Award for "consistency, creativity and courage" in pursuing peace both as president and private citizen. Carter joins the late Egyptian President Anwar Sadat and peace activist Sadie Paterson of Ireland in winning the prize, established in 1977. The award will be presented March 13.

Surgery appears to have saved rock star Rick Allen's left arm, which was severed in a car crash, his doctors said Wednesday. The 21-year-old drummer with the British rock band Def Leppard was reported in "stabilized and slightly improved" condition Wednesday at the Royal Hallamshire Hospital in Sheffield, England. Surgeons stitched Allen's arm back on in a four-hour operation Monday, the day it was severed in a car crash in northern England.

Actress Pia Zadora gave birth at 2 A.M. Tuesday in Manhattan's Lenox Hill Hospital to a 7-pound, 10-ounce girl named Kady. It is the first child for Zadora and her husband of eight years, Meshulam Riklis, chairman of Rapid America Corp. Zadora named the baby after the lead character she played in a 1980 film, "Butterfly." Her most recent project is a record with Jermaine Jackson, "When the Rain Begins to Fall," to be released in the United States this month.

Bandleader Xavier Cugat turned 85 on Tuesday at a hospital in Barcelona where he is recovering from a heart attack he suffered on Dec. 23. Cugat, who in the 1960s introduced the United States to such Latin American rhythms as the cha-cha, has been in and out of hospitals since he returned to his native Barcelona from the United States in 1978.

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